

DEPARTMENT OF GENERAL SERVICES
PURCHASING DIVISION

PURCHASING POLICY MANUAL

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TABLE OF CONTENTS

1. INTRODUCTION.....	7
1.1 BOARD OF STANDARDS	7
1.2 EDISON.....	7
1.3 MINIMUMS STATUTES AND RULES GOVERNING PURCHASING (FORMERLY PREFACE)	7
2. COMMUNICATION CHANNEL.....	9
2.1. AGENCY PROCUREMENT OFFICER.....	9
2.2. APPOINTING AUTHORITY	10
2.3. DISTRIBUTION OF PURCHASING INFORMATION	10
3. DEFINITIONS	10
3.1. STANDARD PURCHASING DEFINITIONS	10
4. ABBREVIATIONS	10
4.1. UNITS OF MEASUREMENT / STANDARD ABBREVIATIONS	10
5. TERMS	11
5.1. TERMS AND CONDITIONS	11
5.2. LEASE WITH OPTION TO PURCHASE	11
6. SPECIFICATIONS.....	11
6.1. DESCRIPTION.....	11
6.2. SPECIFICATION FORMATS.....	12
6.2.1. <i>Product Comparison Chart</i>	12
6.2.2. <i>Descriptive Format</i>	12
6.2.3. <i>Other requirements which may be included as applicable are as follows:</i>	13
6.3. STANDARD SPECIFICATIONS.....	14
6.3.1. <i>Description</i>	14
6.4. STANDARD SPECIFICATIONS BY TYPE	14
6.4.1. <i>Specifications Based on Standard State Specifications</i>	14
6.4.2. <i>Specifications Based on Catalogs, Price List, or Price Schedules</i>	15
6.4.3. <i>Specifications Based on Qualified Products List</i>	15
6.4.4. <i>Specifications Based on Brand Name</i>	15
6.5. EXCEPTIONS TO STANDARD SPECIFICATIONS	15
6.6. EXEMPTIONS TO STANDARD SPECIFICATIONS	15
6.7. LIFE CYCLE COSTING.....	15
6.9. PRODUCT TESTING AND DEMONSTRATION.....	17
6.10. AGENCY SUGGESTED VENDORS	17
7. DOCUMENTS	17
7.1. REQUISITION FOR PURCHASE:	17
7.1.1. <i>Requisition for Purchase</i>	17
7.2. STATE OF TENNESSEE PURCHASE ORDER/TERM CONTRACT.....	18
7.2.1. <i>Purchase Orders</i>	18
7.2.2. <i>Term Contracts</i>	19
7.3. AGENCY PURCHASE ORDER:	19
7.3.1. <i>Agency Purchase Order Types</i>	19
7.4. RECORDING OF BIDS FOR AGENCY PURCHASE ORDERS	20
7.5. EMERGENCY PURCHASE ORDER.....	20
7.6. PURCHASE ORDER CHANGE	20
7.7. COMPLAINT TO VENDOR	20

7.8.	BIDDER REGISTRATION	21
7.8.1.	Registration	21
7.8.2.	Source of Supply	21
7.9.	PAYMENT	22
8.	ITEMS	22
9.	ADDITIONAL APPROVAL	23
10.	SELECTION OF PURCHASING TECHNIQUES	23
10.1.	COMPETITIVE BIDDING/TIME	23
10.1.1.	Competitive Bidding	23
10.1.2.	Purchase Types	23
10.1.3.	Unauthorized Purchase.....	24
11.	PURCHASE TECHNIQUES.....	24
11.1.	PURCHASES FROM STATE AGENCIES, CERTIFIED PRODUCTS, CMRA / TRUST IN TENNESSEE, TRICOR	24
11.1.1.	Edison Item Master	24
11.1.2.	Purchase from State Agencies.....	24
11.1.3.	Certified Products.....	25
11.1.4.	Blind Services.....	25
11.2.	AGENCY PURCHASE FROM STATEWIDE CONTRACT	25
11.3.	AGENCY TERM CONTRACT WITH DIRECT PURCHASE AUTHORITY	26
11.3.1.	Request for Agency Term Contract with Direct Purchase Authority	26
11.3.2.	Award of Agency Term Contracts with Direct Purchase Authority	26
11.3.3.	Contract Release Order	26
11.4.	MULTI-YEAR AGENCY CONTRACT	27
11.4.1.	Multi-Year Contract.....	27
11.4.2.	Award Multi-Year Contract	28
11.4.3.	Contract Release Order:	28
11.4.4.	Renewal and Cancellation of Multi-Year Terms Contracts	28
11.5.	ONE-TIME PURCHASE	28
11.5.1.	Competitive Bid Process, Formal	28
11.5.2.	Correction of Estimates	29
11.5.3.	Purchase Orders	29
11.5.4.	Request for Expedited Purchase	29
11.6.	SMALL-VALUE DELEGATED PURCHASE	29
11.6.1.	Competitive Bids	30
11.6.2.	Purchase Orders Of \$5,000 Or Less.....	30
11.6.3.	Purchase Orders \$5,000.01 to \$25,000	30
11.6.4.	Compliance Reports	31
11.6.5.	Delegated Purchase Abuse	31
11.7.	BEST VALUE CONTRACTING PURCHASE	31
11.7.3.	Prior Approval	33
11.7.4.	Bid Evaluation	33
11.7.5.	Award Recommendation	35
11.8.	AGENCY DELEGATED PURCHASE AUTHORITY FROM BID	36
11.8.1.	Request.....	36
11.8.2.	Board of Standards Approval.....	36
11.8.3.	Rejection	37
11.8.4.	Bid Requirements/Purchase Orders.....	37
11.8.5.	Delegated Purchase Authority From Bid Exception For Fresh Produce.	37
11.9.	EMERGENCY PURCHASE.....	38
11.9.1.	Instructions	38
11.9.2.	Emergency Purchase Authorization.....	39
11.9.3.	Disapproval.....	39

11.9.4. Purchasing Division Emergency Purchases	39
11.10. EXTRAORDINARY EMERGENCY PURCHASE	39
12. BIDDING POLICY	40
12.1. INFORMAL WRITTEN/TELEPHONE BIDS \$25,000 AND UNDER	40
12.2. FORMAL PURCHASES/SEALED BIDS	40
12.2.1. Sealed Bids.....	40
12.3. INVITATIONS TO BID	41
12.4. COMBINING INVITATIONS TO BID.....	41
12.5. POSTAGE	41
12.6. LATE BID	41
12.7. BID BOND	41
12.8. PERFORMANCE BOND.....	41
13. BIDDING GUIDELINES.....	43
13.1. INVITATION TO BID	43
13.1.1. Vendor Address.....	43
13.1.2. Signature on Bid.....	43
13.1.3. Pricing	44
13.1.4. Errors.....	44
13.1.5. Cash Discount for Prompt Payment.....	44
13.1.6. Time of Performance.....	44
13.1.7. FOB Destination/Prepay and Add Freight	45
14. AWARD POLICY	45
14.1 REJECTION OF BIDS	45
14.2. ACCEPTANCE PERIOD.....	45
14.3. BIDDER QUALIFICATION	45
14.4. CRITERIA FOR AWARD	46
14.5. EVALUATION OF TECHNICAL OFFERS AND BIDS	46
14.6. ALTERNATE BIDS AND SPECIFICATIONS	46
14.7. TIME FRAME FOR AWARD	46
14.8. TIE BIDS.....	47
14.9. PURCHASE ORDER CANCELLATION.....	47
14.10. CONTRACTUAL AGREEMENT	47
14.11. AMENDING BID PRICES.....	48
14.12. FOREIGN MADE GOODS.....	48
14.13. PROTEST BY BIDDER.....	48
14.13.1 Protest Procedures and Protest Bond Requirements	48
15. PUBLIC ACCESS TO THE BID PROCESS.....	51
15.1. COMPETITIVE BIDS.....	51
15.2. EVALUATION PERIOD	51
15.3. INSPECTION PERIOD	51
15.4. INSPECTION OF RECORDS	51
16. SPECIAL INSTRUCTIONS	52
16.1. PRODUCTS FOR RESALE	52
16.1.1. Customer Preference.....	52
16.1.2. Statewide Contract Purchases	52
16.1.3. Taxes	52
16.2. UTILITY CONTRACTS	53
16.3. NEW EQUIPMENT	53
16.4. PURCHASE OF USED EQUIPMENT.....	53
16.5. TRADE-INS	54
16.6. TESTING OF QUALIFIED PRODUCTS-(QPL)	54

16.7.	SOLE-SOURCE PURCHASE	54
16.8.	PROPRIETARY PURCHASE	55
16.9.	COMPUTER AND TELECOMMUNICATIONS HARDWARE, SOFTWARE AND ALL ASSOCIATED PERIPHERAL DEVICES AND SERVICES.	55
16.10.	MULTI-STEP BIDDING.....	56
16.10.1.	<i>Definition and Scope</i>	56
16.10.2.	<i>Mandated Utilization</i>	56
16.10.4.	<i>Acquisition</i>	56
16.10.5.	<i>Evaluation Team</i>	57
16.11.	COPY MACHINE LEASE/PURCHASE	57
16.12.	PRINTING AND ACQUISITION OF FORMS AND PUBLICATIONS	57
16.12.1.	<i>Publication Acquisition and Printing</i>	57
16.12.2.	<i>Forms Acquisition and Printing</i>	58
16.12.3.	<i>Recycle Reporting</i>	58
16.13.	PURCHASING FROM MINORITY-OWNED, WOMAN OWNED AND SMALL BUSINESSES	58
16.13.1.	<i>Description</i>	58
16.13.2.	<i>Definition- Small Business</i>	59
16.13.3.	<i>Definition- Minority Owned Business</i>	59
16.13.4.	<i>Definition-Woman Owned Business</i>	59
16.13.5.	<i>Certifications</i>	60
16.13.6.	<i>Reporting</i>	60
16.13.7.	<i>Procedures</i>	60
17.	RECEIPT, STORAGE AND INSPECTION.....	62
17.1.	RECEIPT	62
17.1.2.	<i>Freight Collect/Collect on Delivery Shipment (C.O.D.)</i>	63
17.1.3.	<i>Incorrect Items Shipped</i>	63
17.1.4.	<i>Under Shipments / Over Shipments</i>	64
17.1.5.	<i>Damaged Merchandise</i>	65
17.1.6.	<i>When Carrier makes Inspection of Damaged Items</i>	66
17.1.7.	<i>After Carrier Inspection</i>	66
17.1.8.	<i>Receipt of Goods When No Purchase Order Receiving Record is Available</i>	66
17.1.9.	<i>Duplicate Shipments</i>	67
17.1.10.	<i>Receipt of Unordered/Unidentified Parcels</i>	67
17.1.11.	<i>Substitutions</i>	68
17.1.12.	<i>Points to Remember</i>	68
17.2.	MONITORING SERVICE CONTRACTS	69
17.2.1.	<i>Ensure Quality Service and Entering Vendor Complaint</i>	69
17.2.2.	<i>No Changes to Scope of Service Allowed</i>	70
17.2.3.	<i>Vendor to Comply with Changes Allowed For in the Contract</i>	70
17.2.4.	<i>Getting Clarification of Changes to Contract Scope of Service</i>	70
17.3.	USING PERCENTAGE FROM CATALOG CONTRACTS:	70
17.3.1.	<i>User Agency</i>	70
17.3.2.	<i>Contract Holder</i>	71
17.3.3.	<i>Multiple Listing Contracts-Products</i>	71
17.3.4.	<i>Multiple Listing Contracts-Services</i>	71
18.	INSPECTION, STORAGE, AND ISSUANCE	71
18.1.	DEFINITION OF INSPECTION	72
18.2.	METHODS OF INSPECTION	72
18.3.	EVALUATION OF PRODUCTS AND PROPERTY	73
19.	VENDOR COMPLAINTS.....	73

19.1.	ROLE OF THE AGENCY	73
19.2.	COMPLAINTS.....	74
19.2.1.	<i>Instructions: Complaint to Vendor</i>	74
19.2.2.	<i>Initial Distribution</i>	74
19.2.3.	<i>Vendor Reply</i>	74
19.2.4.	<i>Shared Information</i>	74
19.2.5.	<i>Vendor Resolution to Complaint</i>	75
19.2.6.	<i>Removal from Qualified Vendor List</i>	75
20.	COMPLIANCE	75
20.1.	METHOD USED IN OVERVIEW.....	76
21.	PAYMENTS	77
21.1.	PAYMENT	77
21.2.	EXPENDITURES	77
21.3.	PROMPT PAYMENT	77
21.4.	ENCUMBRANCES.....	78
22.	EXEMPTIONS.....	78
22.1.	EXEMPT AGENCIES	78
22.2.	EXEMPT COMMODITIES AND SERVICES	78
22.3.	PURCHASE ORDER EXEMPTIONS.....	79
22.4.	PRIOR APPROVAL REQUIRED.....	80
22.5.	CORRECTION OF ACCOUNTING ERRORS.....	81
22.6.	DIRECT AND ASSOCIATED EXPENSES OF DEBT MANAGEMENT	81
EXHIBITS – TABLE OF CONTENTS		81

1. INTRODUCTION

The Purchasing Policy Manual, issued by the Department of General Services, Purchasing Division, supplements the Rules of the Department of General Services, Purchasing Division, and describes the procedures that are to be followed by State agencies in the handling of procurement activities (Tenn. Code Ann. § 4-3-1103). For specific instructions for processing a transaction utilizing Edison, please refer to the Edison Agency Procurement Manual. These two manuals should be used together to insure that proper purchasing policies and procedures are followed.

The authority for all purchases is vested in the Department of General Services, Purchasing Division. The Purchasing Division may delegate limited purchase authority to State agencies by rule or purchase order.

1.1 Board of Standards

This manual has been approved by the Board of Standards and, subject to the Rules of the Department of General Services (DGS), Purchasing Division, supersedes and replaces all previous related publications. This manual shall be considered as the authority for all purchasing procedures for State departments and agencies. (Rule 0690-1-3-.01)

1.2 Edison

All state agencies are to utilize Edison for processing all purchasing documents except where herein noted. Edison is the state's procurement system. In order to keep processing and computer storage costs to a minimum, like items should be consolidated wherever possible when processing agency purchase requirements. The DGS Purchasing internet site www.tennessee.gov/generalserv/purchasing may be utilized to access the "Edison Guide to Agency Procurement" which provides detailed instructions for using Edison for procurement functions.

1.3 Minimums Statutes and Rules Governing Purchasing (formerly Preface)

Employment in a public purchasing entity is a public trust. Employees involved in procurement must conduct themselves in such a manner as to ensure the integrity of the competitive bid process and to allow all duly qualified and responsible bidders equal access to the procurement process. To achieve this end, it is imperative that those involved in procurement observe at a minimum the statutes and rules promoting ethical standards listed herein.

1. It is unlawful for any State official whose duty it is to vote for, let out, overlook, or in any manner to superintend, any work or any contract in which any governmental entity created by statute is interested to be directly or indirectly interested in any such contract (Tenn. Code Ann. § 12-4-101).
2. It is unlawful for any State official or employee to bid on, sell, or offer to sell any merchandise, equipment, material, or similar commodity, to the State of Tennessee during the tenure of his/her office or employment, and for six (6) months thereafter, or to have any interest in the selling of same to the State (Tenn. Code Ann. § 12-4-103).
3. No officer or employee of the Department of General Services nor any member of the Board of Standards, nor any head of any State department, institution or agency, nor any employee of any State department, institution, or agency charged with the responsibility of initiating requisitions, shall accept or receive, directly or indirectly, from any person, firm or corporation to whom any contract for the purchase of materials, supplies, or equipment for the State of Tennessee may be awarded, by rebate, gifts, or otherwise, any money or anything of value whatsoever, or any promise, obligation or contract for future rewards or compensation (Tenn. Code Ann. § 12-3-106).
4. It shall be unlawful for any State department to purchase any supply, material or equipment covered by a term contract from any other source. The head of the department, institution, or agency shall be personally liable for the cost of any supplies, materials, or equipment unlawfully purchased and paid for out of state moneys (Tenn. Code Ann. § 12-3-105).
5. Only the Commissioner of General Services is authorized to bind the State in a contractual agreement. Contracts signed by other personnel are null and void and do not obligate the State for payment for goods or services unless contracted for under authorization of Delegated Purchase Authority or Emergency Purchase.
6. Procurement requirements shall not be artificially divided so as to appear to be purchases of under \$25,000, therefore constituting a small value delegation. Such practice is referred to as a "split invoice" [Tenn. Code Ann. § 12-3-210(a)].
7. Whenever possible, all specifications for materials, supplies and equipment purchased by the State of Tennessee or any of its departments, institutions, or agencies shall be worded or designed so as to permit open and competitive bidding for the supplying of the articles or commodities to which they apply (Tenn. Code Ann. § 12-3-502).
8. Any statement or agreement in which the bidder is asked to indicate a willingness to meet the low price, if such bidder is not the low bidder,

is adverse to the competitive bidding process and shall not be included in any competitive bid contract or Invitation to Bid to be awarded by the State, its agencies, departments, political subdivisions, or institutions of higher learning (Tenn. Code Ann. § 12-4-111).

9. Tenn. Code Ann. § 12-3-210 (b), require that agencies secure at least three (3) competitive bids, on all delegated purchases which exceed \$5,000 Section 12-3-804 further requires all agencies to actively solicit bids from minority owned, woman owned and small businesses. A current listing of active and certified minority owned, woman owned and small businesses can be found on the Governor's Office of Diversity Business Enterprise Intranet website at <http://intranet.state.tn.us/businessopp.activbus.pdf>.
10. All delegated purchases shall, whenever practical, be based upon at least three (3) competitive bids. (Tenn. Code Ann. § 12-3-210).
11. The Department of General Services complies with Title VI of the Civil Rights Act of 1964, as codified in 42 United States Constitution, Section 2000D, which states that "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal assistance."
12. The Department of General Services does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities in compliance with ADA (Americans with Disability Act of 1990) 42 United States Constitution, Section 12101.
13. All members and staff of the Board of Standards and all state procurement personnel, except those specifically exempted under Tenn. Code Ann. §12-3-103, are required to abide by a formal written policy on ethics and conflict of interest. All State departments are to require appropriate personnel to sign a statement that is made part of the employee performance evaluation file.
14. Use of Government Property. No state employee or official shall use the facilities, equipment, personnel, or supplies, of the State of Tennessee for other than officially approved activities, except to the extent that they are lawfully available to the general public.

2. COMMUNICATION CHANNEL

2.1. Agency Procurement Officer

The head of each State department, institution, or agency is required to designate the personnel within the organizations that are authorized to initiate procurement documents and to notify the Department of General

Services, Purchasing Division, of this designation. All procurement training including agency purchasing in Edison, purchasing procedures and ethics must be successfully completed prior to securing procurement authorization.

2.2. Appointing Authority

The line of communication should be authorized by the head of each department by appointing procurement officers who will receive all purchasing publications and who will communicate directly with the Purchasing Division. The line of communication may be limited to a single procurement officer for each agency within the department; procurement officers appointed for operating sections; or any combination of the above.

2.3. Distribution of Purchasing Information

Distribution and communication of purchasing information will be limited to the designated procurement personnel.

3. DEFINITIONS

3.1. Standard Purchasing Definitions

Standard Purchasing definitions of common purchasing language for use by all State agencies are included as Exhibit 2. The list has been compiled from two major sources: (1) the Uniform Commercial Code and (2) Appendix D Glossary of Public Purchasing Terms, State and Local Government Purchasing, Fourth Edition. The Uniform Commercial Code was adopted by the State, effective June 30, 1964, and is published as Title 47 of Tennessee Code Annotated (Tenn. Code Ann.).

4. ABBREVIATIONS

4.1. Units of Measurement / Standard Abbreviations

Standard Purchasing abbreviations used in Edison for units of measurement are the ANSI Standard Units of measure and a listing may be found on the Purchasing internet web site at www.tennessee.gov/generalserv/purchasing under Edison Information (Reference Exhibit 3 for a partial listing).

5. TERMS

5.1. Terms and Conditions

Standard terms and conditions that apply to all Invitations to Bid are to be added to the event by the buyer to become part of the bid document. These are normally referred to as the "boiler plate" and require the approval of Director/Assistant Commissioner for any changes, after General Counsel's review.

Special terms and conditions that apply to term contracts and one time purchases are to be added to the event by the buyer in accordance with the specific requirements of the event to become part of the bid document. These terms may be amended as required with the approval of the Director/ Assistant Director of Purchasing.

Permanent changes to special terms and conditions shall require General Counsel's review. To avoid repetition, the statutes and terms that are included in the rules of the Department of General Services, Purchasing Division, are made a part of the Invitation to Bid by reference.

5.2. Lease with Option to Purchase

Any request for a lease with an option to purchase at the end of the term of such lease should include documentation as to why this method is preferred in lieu of an initial open market purchase. These factors will be utilized in the analysis by Purchasing in determining the best method of purchase. If the lease purchase method is applied, the Invitation to Bid should include a cost for a buy-out at the end of the term of the lease. The Division of Accounts should be notified by the agency prior to the first payment.

6. SPECIFICATIONS

6.1. Description

State agencies are required to recommend specifications to the Purchasing Division (Tenn. Code Ann. § 12-3-501). Specifications shall be functional or performance specifications whenever possible, and must be clearly stated and easily understood. Specifications must be open and competitive with two (2) or more brands and models identified which will meet or exceed the minimum requirements. The requesting agency shall document in Edison, where it is considered to be impractical to list more than one brand and model meeting the minimum functional or performance specifications stated. The Purchasing Division will review each request.

All brand and model numbers used must be those in current production, available on the market, and familiar to most bidders and followed by the phrase "or equal" (Tenn. Code Ann. § 12-3-502). The usage of brand and model names alone will not be permitted as a substitute for performance or functional specifications except when providing such specifications is not possible. When an item is specified by the use of only a brand name, the words "or equal" should be included.

Agency recommended specifications may be approved as stated or modified by the Purchasing Division to satisfy competitive bid requirements (Tenn. Code Ann. § 12-3-502). Changes to agency minimum specifications should be approved by the requisitioning agency.

6.2. Specification Formats

6.2.1. Product Comparison Chart

The purpose of the Product Comparison Chart is to standardize efforts and increase the efficiency of the State by: reducing the knowledge gained from market research to its significant data elements, and recording these in a simple format, and facilitating evaluation of bids and awards. The market research or evaluation required in the construction of a Product Comparison Chart is to:

1. identify the characteristics that determine performance;
2. record a unit of measure of performance for each characteristic that affects performance;
3. establish an acceptable minimum unit of measure or performance for each characteristic identified above; and
4. identify acceptable brands.

The minimum acceptable unit of measure of performance should always be such that more than one brand is approved. This is to ensure true competitive bids between brands, not multiple bids for the same brand.

6.2.2. Descriptive Format

This format consists of a conventional listing or paragraph text description of specification data. Recommended specifications in the Descriptive Format shall contain the following:

1. identity of the product using general terminology in description. [reference following Example (a)];

2. list of the characteristics that determine performance capability and identity of those that are essential in order to meet performance requirements [reference following Example (b)];
3. list of minimum and/or maximum acceptable performance requirements for each characteristic with as much tolerance and flexibility as possible. Unnecessary characteristics or performance requirements may limit competition [reference following Example (c)]; and
4. identity of two or more items by manufacturer, brand and item number that will meet the minimum performance requirements [reference following Example (I)].

EXAMPLE

- a) Identity.....Sander/Grinder
- b) Characteristics.....Hand Held
- c) Type Performance.....electric
- d) Amps at 120V.....5.5
- e) Sanding/Grinding Wheel.....4 1/2 inch
- f) RPM.....10,000
- g) Arbor & Flange.....7/8 inch
- h) Spindle.....5/8 inch
- i) Side Handle.....Reversible
- j) Bearings.....Ball & Needle
- k) UL Listed.....Yes
- l) Brand(s)/Model(s) or equal: Black & Decker Model 2750 or Milwaukee Model 6145

6.2.3. Other requirements which may be included as applicable are as follows:

1. Space Action Request Transmittal should be completed if the building's primary systems or office environment will be significantly impacted due to energy demand, heat production, or require space alterations. A building site inspection should be conducted by building management for review of the building's primary systems and office environment. For specific information for completing a Space Action Request Transmittal, contact the Real Property Management Division of the Department of Finance and Administration. The following website will link you to the Space Action Request Transmittal Forms I, II, III - www.state.tn.us/finance/rpa/aboutus.shtml;
2. Equipment operational requirements such as requirements and/or limitations on environment, water or air cooling, electrical requirements, magnetic-free operations, etc;

3. Site preparation requirements - Any requirements for which the contractor will be responsible, such as electricity, plumbing, etc. Indicate any requirements for which the State will be responsible;
4. Compatibility requirements such as requirements for compatibility with the existing equipment;
5. Conversion requirements such as maintaining the operation of a system while installing a unit and then converting to the operation of new equipment;
6. Installation requirements;
7. Maintenance requirements;
8. Expendable supplies and parts requirements;
9. Warranty on parts and labor; and
10. Service location and response time.

6.3. Standard Specifications

6.3.1. Description

The Purchasing Division is required to review all recommended specifications, to develop and adopt standard specifications for any commodity which shall, insofar as possible, fit the requirements of the majority of all State agencies which shall use the same commodity. After approval and adoption, all standard specifications shall remain in Edison or on file in the Purchasing Division and be made accessible to the public.

6.4. Standard Specifications by Type

The State utilizes different types of specifications to bid and/or purchase commodities. These specifications normally are based upon one or more of the following areas.

6.4.1. Specifications Based on Standard State Specifications

Items must equal or exceed the specifications listed. The absence of detailed specifications or the omission of detailed descriptions shall be recognized as meaning that only the best commercial practices are to prevail and that only first quality materials and workmanship are to be used.

6.4.2. Specifications Based on Catalogs, Price List, or Price Schedules

Bids are obtained requesting a plus (+) percentage (%), minus (-) percentage (%), or net cost offered as a discount or surcharge applying to the products listed in the catalog, price list, or price schedule described within the Invitation to Bid. A single percentage for each catalog or price list is required, unless otherwise authorized.

6.4.3. Specifications Based on Qualified Products List

Specifications include a list of brands and model numbers that are believed to meet the requirements. Products which have been analytically tested and meet specifications receive Qualified Products List (QPL) approval. For example, the Federal government conducts such testing on products such as tires for tread rating.

6.4.4. Specifications Based on Brand Name

Reference to brand names, trade names, model numbers, or other descriptions peculiar to specific brand products, is made to establish a required level of quality and functional capabilities. It is not intended to exclude other products of that level. Comparable products of other manufacturers will be considered if proof of comparability is contained in the bid.

6.5. Exceptions to Standard Specifications

The Commissioner of General Services shall make use of standard specifications when practical. Commodities and services purchased without standard specifications shall be made in accordance with appropriate methods of purchasing (Tenn. Code Ann. § 12-3-504). (Rule 0690-3-1-03).

6.6. Exemptions to Standard Specifications

The Commissioner of General Services or the Commissioner's designee may designate certain materials, supplies, and equipment which are standard in manufacture and competitive in design, that may be purchased without standard specifications (Tenn. Code Ann. § 12-3-504).

6.7. Life Cycle Costing

It is the policy of the state to use the life cycle costs of commodities as developed and disseminated by the federal government when purchased by the state where feasible (T.C.A. §12-3-602).

Where Federal energy efficiency standards are established, life cycle costs shall be used by Purchasing in the contracting for major energy-consuming products. In determining life cycle costs, the acquisition cost of the product, the energy consumption and the projected energy cost of energy over the useful life of the product and the anticipated resale or salvage value of the product may be considered in the evaluation (T.C.A. §12-3-606).

6.7.1. Acceptable performance requirements may not establish long-term performance capability or value. A particular brand or item may be desired due to its established long-term performance. Whenever there is a probability of other brands meeting the minimum acceptable performance requirements and the long-term performance of the brand is unknown or questionable, a total cost specification design should be used. The Product Comparison Chart technique is uniquely suited to display lifecycle cost data. Life-cycle/total cost specification design should be applied to establish long-term performance capability or value (i.e., energy-efficient products). Examples of life-cycle costing can be found in formulas developed for the evaluation of bids for items such as window air conditioners and water heaters. Total-cost specifications require additional information in productivity, cost of operation, or end use value.

6.8. Energy Efficiency Standards

Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that has established energy efficiency standards that are used by the Federal government in its contracting for major energy-consuming products, as well as energy efficient best practices.

Per Executive Order 59, agencies shall use energy efficiency standards prescribed by Energy Star for the purchase of energy consuming products. The Energy Star website (<http://www.energystar.gov/>) provides a qualified list of products and commodities meeting Energy Star's minimal energy specifications, life cycle costing calculations, life cycle cost formula information and qualified products that meet Energy Star's rating for using less energy and helping to protect the environment. Currently, the Energy Star rating can be found on products in more than 35 product categories (T.C.A. §§12-3-604 & 12-3-605). Products and commodities listed on the Energy Star website's list of qualified products and commodities will be used as "acceptable brands and models" on bid documents.

The minimal energy specifications for products and commodities listed on the Energy Star Qualified Products list (see Exhibit) must be included in the line item specifications on all bid documents for the purchase of major energy consuming products.

6.9. Product Testing and Demonstration

Vendors may often offer demonstrations of their products to the user at the agency level. Agencies are required to provide prior written notification for product tests to the Purchasing Agent Supervisor for the Commodity being tested.

6.10. Agency Suggested Vendors

Agencies are encouraged to include suggested vendors that are to be given an opportunity to bid on a particular requisition.

7. DOCUMENTS

7.1. Requisition for Purchase:

7.1.1. Requisition for Purchase

A Requisition for Purchase is the method used by State agencies to request procurement action by the Department of General Services Purchasing Division. It is used in the following purchase techniques:

1. A requisition to establish an agency term contract (DCO) or an agency multi-year term contract (DCM) is used to request that an agency contract be established for a specific commodity or service. All agency contracts are issued with direct purchase authority unless otherwise noted.
2. A requisition for a one-time purchase (DOT) is used to request the purchase of commodities or services in a specific amount for delivery on a one-time basis.
3. A requisition to establish a delegated purchase authority from bid (DDA) is used to request delegation of direct purchase authority to a specific agency to purchase specific commodities, services or dollar amounts directly by securing formal or informal competitive bids.
4. A requisition to establish a non-funded agency term contract (DCO) or multi-year non-funded agency contract (DCM) shall be used for non-revenue producing contracts.

7.1.2. Instructions: Requisition for Purchase

All requisitions for purchase require quantity, description and estimated cost(s). One-time purchases require the specific quantity to be purchased and a detailed item(s) description. Agency contracts with direct purchase authority and delegated purchase authority from bid must state the commodities or services to be contracted, the term of the contract, estimated usage and dollar amounts. When requested by the Purchasing Division, an agency or department shall provide information and statistics to support or clarify estimates for purchases and to verify use of goods or materials within that agency or department. Delegated purchase authority from bid requires an explanation/justification of the request (reference Section 11.7).

7.2. State of Tennessee Purchase Order/Term Contract

The term contract is an authorization from the Director of Purchasing to establish an agency contract or statewide contract.

State of Tennessee purchase orders and term contracts are issued by the Purchasing Division for one of the purposes listed below:

1. to establish a statewide contract or statewide contract multi-year;
2. to establish an agency term contract with Direct Purchase Authority;
3. for revenue producing term contracts;
4. for open-market, one-time purchases.

7.2.1. Purchase Orders

Each requisition that is approved and processed by the Purchasing Division results in a purchase order or term contract. The purchase order is an authorization from the Director of Purchasing for the delivery of commodities and/or services in accordance with all terms and specifications of the Invitation to Bid.

The encumber date will be considered the date on which the obligation was incurred by the State agency concerned as well as by the Division of Accounts. The records of the State agency should then be in agreement with those of the Division of Accounts, Department of Finance and Administration.

7.2.2. Term Contracts

Term contracts are issued by the Department of General Services, Purchasing Division to establish a source or sources of supply for a specific period of time at an agreed upon unit price(s). Agencies are not to establish any contract for any commodity or service or sign any type of license or vendor agreement. [Reference Rule 0690-3-3-.03 (6)] Statewide Term Contracts will be published on the purchasing Division internet website, www.tennessee.gov/generalserv/purchasing

7.3. Agency Purchase Order:

7.3.1. Agency Purchase Order Types

The Purchasing Division authorizes State agencies to use the Agency Purchase Order to secure commodities and services using the techniques listed.

Different purchase types may not be grouped together on one Agency Purchase Order.

1. Purchase from a State agency (reference Section 11.1).
2. Purchase from Statewide Contract. Purchases from Statewide Contract for any amount. Statewide contracts are issued with Direct Purchase Authority, unless noted. (Reference Section 11.2).
3. Direct purchase from agency contract. Purchases made from agency contract for any amount. Agency contracts are issued with Direct Purchase Authority, unless noted. (Reference Section 11.3).
4. Local Purchase Authority of \$5,000 or less. Purchases of small amounts of commodities or services may be purchased directly without the requirement of obtaining competitive bids for an amount not to exceed \$5,000. (Reference Section 11.6.2).
5. Local Purchase Authority. Purchases of small amounts of commodities or services purchased directly through the competitive bid process for an amount not to exceed \$25,000. (Reference Section 11.6).
6. Delegated Purchase from Bid. Purchases made from delegated purchase from bid authorizing agencies to secure

commodities or services directly through the competitive bid process (reference Section 11.7).

7. Emergency Purchases. Purchases under emergency purchase authorization granted by the Purchasing Division (reference Section 11.8).
8. Extraordinary Emergency Purchase. Emergency purchases during non-working hours requiring approval after the fact, (reference Section 11.9).

7.3.2. Distribution: Agency Purchase Order

Agencies are responsible for obtaining a minimum of three (3) competitive bids from suppliers registered with the Purchasing Division for all bids exceeding \$5,000.00, whenever practical.

The agency is responsible for dispatching the vendor copy of the purchase order.

7.4. Recording of Bids for Agency Purchase Orders

All Bids (manual and electronic) received are to be recorded in Edison.

7.5. Emergency Purchase Order

Emergency purchase authorization by the Purchasing Division is required prior to processing a purchase order as referenced in section. The requesting agency is to record the circumstances of the emergency in Edison (reference Section 11.9 and 11.10).

7.6. Purchase Order Change

The Purchase Order Change is issued when it is necessary to correct or cancel a State Purchase Order. State agencies are authorized to issue an agency purchase order change, to cancel an agency purchase order. The Purchasing Division must approve all cancellations prior to issuance.

7.7. Complaint to Vendor

The Complaint to Vendor option is used by all State agencies to report any differences between vendor contracts and vendor performance and to expedite correction of the differences (reference Section 17). Agencies are authorized to enter a vendor complaint and forward to Purchasing for processing and resolution. A copy of this complaint is dispatched to the vendor by the Purchasing Division. The vendor may be given a maximum of fourteen (14) days to respond to the complaint.

7.8. Bidder Registration

The Bidder Registration application is designed to secure information required to establish a register of qualified bidders and separate bid lists by NIGP Code which contains the names and mailing addresses of all qualified bidders by different types of commodities or services. Every person or firm desiring to provide supplies, materials and equipment to be purchased must submit a Bidder Registration application for approval as a prospective bidder to the Department of General Services, Purchasing Division. The information submitted on the application will determine the eligibility to bid based upon, the types of materials, supplies and equipment the bidder desires to furnish and the geographic area in which the bidder proposes to deliver. All bidders must comply with Tenn. Code Ann. § 12-4-103, "Bidding by state employees prohibited".

Tenn. Code Ann. § 12-3-701 states that no firm shall be considered as a qualified bidder until it has been approved and entered upon the permanent register of bidders which is established and maintained by the Department of General Services, Purchasing Division. Bid lists by commodity are available in Edison to all agencies for their use in the soliciting of bids. Agencies are requested to advise their local suppliers to register with the Department of General Services, Purchasing Division.

Bidder Registration applications, when approved, are entered into the Edison bidder database. No award can be made to any bidder who is not active on the qualified bid register.

7.8.1. Registration

All bidder registration application information received in the Purchasing Division will be reviewed to insure that the applicant(s) meet(s) all qualifications as a prospective bidder with the State of Tennessee (Tenn. Code Ann. § 12-3-702) prior to approval.

If the bidder acknowledges on the bidder registration application that their company is a small business, woman owned business, or minority business entity the General Services Purchasing Division will forward the application to the Governor's Office of Diversity Business Enterprise for registration and possible certification.

7.8.2. Source of Supply

Agencies should encourage prospective bidders to contact the Purchasing Division or refer them to the website located at www.tennessee.gov/generalserv/purchasing to obtain a Bidder Registration application.

The bidder's application may be completed and submitted on line or downloaded from the purchasing website. Forms and instructions may be obtained in person from:

Department of General Services - Purchasing Division
ATTN: Bidder Registration
3rd Floor William R. Snodgrass Tennessee Tower
312 Rosa L Parks Ave.
Nashville, TN 37243-1102
Purchasing Rule Reference 0690-3-1-04.

7.9. Payment

If a shipment of goods or services is received against a purchase order, the agency may authorize a payment for the goods or services received. To successfully process an authorization for payment, the agency must complete receiving, invoicing and payment in Edison. It should be noted, however, that to ensure proper segregation of duties, the same person shall not issue a purchase order, receive merchandise, invoice and authorize payment.

The receiving agent shall make a written certification that the supplies, material or equipment received were equal in quality and quantity to those requisitioned or ordered. No warrant shall be issued in payment of any voucher not accompanied by such certification. (Tenn. Code Ann. § 12-3-212) Additional internal controls require that the agency shall not pay for a quantity of items greater than those that have been received. If the agency is attempting to pay for a greater number of items, the approval for payment will fail. This ensures that the state remains in compliance with the Tenn. Code Ann. requirement that no warrant shall be issued in payment of a voucher for which certification of receipt has not been entered.

Purchasing is not able to view, access, change or review individual Account Preferences, and does not have access to what the "correct" Account/Chartfield information should be for any given location. This is the sole responsibility of the Agency and Agency Fiscal Office

8. ITEMS

The National Institute of Government Purchasing (NIGP) codes are the standard being used for Edison, replacing the old Tennessee Commodity Code (TCC) system. NIGP codes are viewable in Edison and on the Purchasing Division website.

Any item that is on a contract or is an asset must have an Edison Item ID. If an item does not have an Edison Item ID, this can be requested from the Purchasing Division Content Group.

9. ADDITIONAL APPROVAL

In addition to Finance and Administration Budget approvals, some commodities and services may require additional approvals before purchase. Most approvals are automatically built by Edison. Additional internal approvals can be manually added in the purchasing process at anytime.

State agencies should allow additional processing time to compensate for the time required for the additional approvals.

10. SELECTION OF PURCHASING TECHNIQUES

10.1. Competitive Bidding/Time

10.1.1. Competitive Bidding

Agencies should anticipate needs and avoid emergency purchases. The time frame for competitive bidding includes:

1. preparation of the request;
2. departmental approval;
3. additional approval, when required;
4. Finance and Administration Budget approval when required;
5. modifications, when required;
6. purchase time; and
7. delivery time.

10.1.2. Purchase Types

The transfer or purchase of goods and services for State agencies are affected by purchase procedures that are listed below:

1. purchase from State agencies;
2. agency purchase from statewide term contract;
3. direct purchase from agency term contract;
4. multi-year agency term contract;

5. one-time purchase;
6. small-value delegated purchase (local purchase);
7. delegated purchase authority from bid;
8. emergency purchase; or
9. extraordinary emergency purchase.

10.1.3. Unauthorized Purchase

Any purchases which have not been authorized by the Purchasing Division and are not within the guidelines of this manual are illegal and void (Tenn. Code Ann. § 12-3-105). Furthermore, the head of any department that makes such unlawful purchases is personally liable for any cost incurred for such purchases.

11. PURCHASE TECHNIQUES

11.1. Purchases from State Agencies, Certified Products, CMRA / TRUST in Tennessee, TRICOR

11.1.1. Edison Item Master

The Item Master in Edison under Eprocurement is utilized for the purpose of identifying items available to state agency users. All contract items, certified products of TRICOR, certified products of the Central Nonprofit Agency and items available from other state agencies. The Internet Purchasing Division website at www.tennessee.gov/eneralserv/purchasing may be utilized for the purpose of identifying statewide contracts for authorized local government entities and agency procurement officers. It contains all current established statewide contracts, TCC coding, procedures, terms and other purchasing information. It includes price lists of state-manufactured products, certified products of TRICOR, certified products of the Central Nonprofit Agency, and lists of special items that are available from Federal and State Surplus Property. Direct purchase authority to state agencies for state-manufactured products and for State and Federal Surplus Property is authorized. [Rule 0691-1-3-01 (7)(d)].

11.1.2. Purchase from State Agencies

All State agencies are required to purchase items and services from other State agencies, including Property Utilization Division for surplus property, whenever such items and services are of satisfactory quality, reasonable in price and available. All State agencies should use State and Federal Surplus Property whenever

practical. There are two methods of identifying available surplus property; a visit to surplus warehouse and viewing on Surplus Property's website those items that are slated to become surplus. [Rule 0690-1-3-01 (7) (d)].

11.1.3. Certified Products

All State agencies are required to purchase such items and services as follows:

1. From Tennessee Rehabilitative Initiative in Correction (TRICOR) provided such items and services are certified by the Board of Standards Staff as being of satisfactory quality, being reasonable in price, and available in accordance with Tenn. Code Ann. § 41-22-119.
2. From the Community Rehabilitation Agencies (CMRA) / TRUST in Tennessee when such items and services are certified by the Board of Standards Staff as to quality, availability and fair market price in accordance with Tenn. Code Ann. § 71-4-701 et seq. These items and services are facilitated through a Central Nonprofit Agency. This shall not apply in any case in which commodities or services are available from any agency of the state, or where the Board of Standards determines that the commodities or services do not meet the reasonable requirements of a department, institution, agency, or political subdivision of the state.

11.1.4. Blind Services

Pursuant to Tenn. Code Ann. § 71-4-204, all purchases made by any agency of the State, whether or not through the Purchasing Division of the Department of General Services, shall be made from an agency of the State of Tennessee or a nonprofit workshop for the blind in Tennessee, operating under the approval of the Department of Human Services and the Division of Services for the Blind provided the product or service meets the requirements outlined in Tenn. Code Ann. § 71-4-205 which states in part that those products and services must conform to applicable Federal standards and specifications for such products and be priced in accordance with prices provided by such standards. Workshops for the Blind are to be given sixty (60) days from the date of receipt of the order to fill and deliver the order, in order to allow for procurement of materials and manufacture of the goods.

11.2. Agency Purchase from Statewide Contract

Individual statewide contracts are issued with direct purchase authority. This issuance may be limited by the Purchasing Division by commodity, service or dollar value. This allows agencies to forward Departmental Purchase Orders directly to the contractor. Release orders against this contract are issued in Edison. All State agencies must utilize existing statewide contracts. In extraordinary circumstances where vendor delivery is not possible, agencies must justify and secure approval from the Purchasing Division, Purchasing Administrator for any deviation from an established statewide contract.

11.3. Agency Term Contract with Direct Purchase Authority

A term contract means a contract in which a source or sources of supply are established for a specified period of time at an agreed upon unit price(s). An agency term contract is established for no longer than twelve (12) months. All individual agency term contracts are issued with Direct Purchase Authority. This allows agencies to forward an Edison issued purchase order directly to the contractor.

11.3.1. Request for Agency Term Contract with Direct Purchase Authority

Request for Agency Term Contract with Direct Purchase Authority must include the following:

1. specific type of commodity or service requested;
2. estimate of the amount to be spent;
3. estimate quantity of items to be purchased; and
4. detailed open and competitive specifications of the product to be purchased.

11.3.2. Award of Agency Term Contracts with Direct Purchase Authority

After review of the request and approval, the Purchasing Division will advertise, evaluate and award a contract. An Agency Term Contract allowing agencies to purchase directly from the awarded vendor(s) specific contract will be issued.

11.3.3. Contract Release Order

Individual contract release orders will be processed through Edison by the authorized agency. An Edison Contract Release Order will be generated and the agency will be responsible for distribution where required. The Contract Release Order acts as a document

confirming the purchase to the vendor/contractor and authorizing payment from the Division of Accounts.

11.4. Multi-Year Agency Contract

A multi-year agency term contract is a contract established for a term of greater than twelve (12), but no more than sixty (60) months [Tenn. Code Ann. § 12-3-203(g)]. There can be no extension of a sixty (60) month contract. All multi-year agency term contracts require approval from the Purchasing Division.

11.4.1. Multi-Year Contract

1. The Requisition for Purchase is entered by the requesting agency into Edison and submitted to the Purchasing Division. This request must include the following:
 - a. specific type of commodity or service requested;
 - b. term of the contract;
 - c. an estimate of the amount to be spent for the entire length of the contract;
 - d. estimated quantity of items to be purchased; and
 - e. detailed open and competitive specifications for the product or service to be purchased.
2. Agency requisition justification is required as to why such a long-term contract request is advantageous or necessary. Some examples include:
 - a. repetitive commodity or service with stable pricing market;
 - b. services required that are dependent upon a continual high level of performance, or
 - c. any other reason approved by the Purchasing Division.

Justification must be entered in Edison by the authorized using agency procurement representative, who must include their name and date in this documentation.

3. The contract must be competitively bid and awarded by the Purchasing Division in accordance with purchasing procedures.
4. The resulting Invitation to Bid must show the historical volume of purchases if available and realistic estimated volume for the period covered by the contract.

5. Term contracts must contain a provision giving the Purchasing Division the right of cancellation at any time with no more than one (1) year notice, and at the end of any fiscal year without notice, in the event that funds to support the contract become unavailable [Tenn. Code Ann. § 12-3-203 (g)].

11.4.2. Award Multi-Year Contract

After the competitive bid process and approval, the Purchasing Division will issue an Agency Multi-Year Term Contract Award in Edison. Distribution is covered in Section 7.2.3.

11.4.3. Contract Release Order:

All individual contract release orders will be processed by the using agency in Edison.

11.4.4. Renewal and Cancellation of Multi-Year Terms Contracts

Multi-year term contract annual renewals will automatically be approved by the Purchasing Division with a contract renewal being issued to the vendor. The using agency is required to request cancellation in accordance with the following instructions:

1. The using agency is required to make written request to the purchasing agent for the cancellation of a multi-year term contract;
2. Such request shall be made at least 30 days prior to the number of days required for written notice of intent to cancel per contract cancellation provision; and
3. If the contract is canceled, the Purchasing Division will issue a notice of intent to cancel.

11.5. One-Time Purchase

A requisition is a request from an agency to the Purchasing Division in Edison initiated to procure commodities and/or services exceeding \$25,000. The resulting Edison purchase order will be for a specified fixed price, quantity, delivery point and effective time of delivery.

11.5.1. Competitive Bid Process, Formal

Upon receipt of the Edison Requisition for Purchase with all supporting documentation, complete specifications, and appropriate approvals, the Purchasing Division will process the

requisition, attach an Event and secure sealed bids from vendors on the permanent register of bidders and vendors in Edison.

11.5.2. Correction of Estimates

If the lowest responsive and responsible bid exceeds the approved accounting estimate, the Purchasing Division must secure the required approvals for the increase in funds from the agency procurement representative. If the increase in funds is approved, a State Purchase Order will be issued to the successful bidder.

Other approvals may be required based on commodity or dollar amount.

11.5.3. Purchase Orders

Once an Edison Requisition for Purchase has been advertised, evaluated and awarded, the Purchasing Division will issue a State Purchase Order to the successful bidder. The State Purchase Order is an authorization by the Director of Purchasing for the delivery of specified commodities and/or services in accordance with the terms and specifications of the document.

11.5.4. Request for Expedited Purchase

In certain critical instances a need will arise to accelerate the normal Requisition for Purchase process. After proper agency justification is provided, the informal competitive bid process, short closing dates, or other means authorized by the purchasing laws, policies and regulations may be utilized. Documentation for this request should be entered in Edison.

11.6. Small-Value Delegated Purchase

Statutes authorize Delegated Purchase bid procedures for use by all State agencies to purchase all commodities or services, provided the amount of a single purchase does not exceed \$25,000 (Tenn. Code Ann. § 12-3-210) and the commodities or services are not covered by a Statewide or Agency Term Contract. The Edison issued Agency Purchase Order is used to make a small value delegated purchase.

This local purchase authority should not be used for purchases of a **recurring** nature where purchases by the Purchasing Division in larger volume will result in savings. When the purchase of items is foreseen to be repetitive, the using agency shall establish a contract through the

Purchasing Division. Invoice "splitting" is not to be used to avoid following the established purchase procedures.

11.6.1. Competitive Bids

\$5,000.01 to \$25,000.00-Tenn. Code Ann. § 12-3-210 (b) requires that agencies secure at least three (3) competitive bids, on all delegated purchases which exceed \$5,000. Tenn. Code Ann. § 12-3-804 further requires all agencies to actively solicit bids from minority owned, woman owned and small businesses. A current listing of active and certified minority owned, woman owned and small businesses can be found on the Governor's Office of Diversity Business Enterprise Intranet website at <http://intranet.state.tn.us/businessopp/actdivbus.pdf>. The agency shall exercise care to ensure value received on purchases obtained without competitive bids. Bids obtained shall be recorded in Edison. Recording of a no bid or no response from any vendor does not constitute a competitive bid and does not satisfy the competitive bid requirement. Written confirmation from the successful vendor shall be retained by the agency for purchases over \$5,000 (reference section 11.7.4). In instances where bids are not obtained from minority owned, woman owned, or small businesses, agencies are required to fully document their good faith effort to solicit bids from such businesses. When purchases are from a single source of supply, proprietary to a particular brand or model or for used equipment agencies are required to fully document in Edison and to adhere to the applicable purchasing procedure for each of these type purchases. Agencies are required to secure all necessary agency level approvals in Edison. Agencies are also to secure any required external commodity approvals for delegated purchases (i.e., Postal, data processing, printing, etc).

11.6.2. Purchase Orders Of \$5,000 Or Less

Agency local purchases of less than \$5,000 do not require a printed purchase order (or any purchase document) to effect payment. The agency procurement representative who purchased these goods or services is assuring that such items are not available from a statewide or agency term contract.

Some vendors may require a purchase order before delivery, even though the amount purchased is less than \$5,000.

11.6.3. Purchase Orders \$5,000.01 to \$25,000

Purchases of \$5,000.01 to \$25,000 require an Edison issued agency purchase order.

11.6.4. Compliance Reports

The Department of General Services Audit and Overview Division will periodically review the purchasing activities of individual agencies pertaining to delegated purchases for compliance of purchasing procedures. An agency's individual record in such delegations will be utilized in determining if such authority should be continued, reduced or revoked by the Board of Standards.

11.6.5. Delegated Purchase Abuse

In instances where agencies abuse delegated purchasing procedures, the Commissioner of the Department will be notified. Serious violations or patterns of on-going abuse will be reported to the Board of Standards and the State Audit Division of the Office of the Comptroller of the Treasury via General Services Internal Audit. Abuse of the delegated purchase procedures by individual agencies may result in the Board of Standards reducing or revoking the responsible agency's privilege of using the delegated purchasing procedure (Tenn. Code Ann. § 12-3-210).

11.7 Best Value Contracting Purchase

Public Chapter No. 147, which amends Tennessee Code Annotated, Title 12, Chapter 3, Part 2 (effective May 10, 2007), authorizes the Department of General Services, Purchasing Division, to purchase goods and services using “best value procurement methodology”. The Purchasing Division shall follow the competitive sealed bid best value procedures as herein described in order to achieve maximum competition among qualified bidders and to obtain the highest level of quality at the least price for goods and services utilizing procedures that promote competition to the greatest extent possible.

11.7.1 Definition

“Best value contracting” is the process of selecting the bid which provides the greatest value to the State. This selection is based on evaluating and comparing all pertinent factors, including price, so the overall combination will result in the State’s needs being met.

Factors that could be included as part of the technical bid evaluation include, but are not limited to:

1. Quality and reliability of products/goods;
2. Experience and qualifications (i.e. pending litigation, years in business, utilization of minority owned, woman owned

and small businesses as subconsultants, subcontractors, and/or suppliers to assist in providing goods and services, partnering with or mentoring of minority owned, woman owned, and small business programs associated with the delivery of good and services, customer references);

3. Delivery terms (i.e. number of days for product to be shipped or for job to be started);
4. Past vendor performance, financial resources, and ability to perform to specification requirements;
5. Cost of any State employee training associated with the purchase;
6. The effect of the purchase on agency productivity;
7. Implementation and start up cost, including installation costs; life cycle costs, trade-in value and warranty options;
8. Discounts;
9. Environmental options and resources (green, energy efficiency and earth-conscious considerations) such as recycle options, remanufactured/refurbished products and/or equipment, packaging, certificates, permits, awards, successful and ongoing programs;
10. Used products and/or equipment;
11. The weight values (percents) options of items when applied to contract bid groups to ensure that the aggregate costs of a group reflects an accurate value of the items within the group that have the greatest volume or cost; or
12. Contract group bid award factors such as the aggregate cost of creating purchase documents, receiving labor versus direct distribution or desktop delivery e.g. Just In Time (J.I.T.) methods, inventory carrying costs, invoice payment process and costs associated with the contract bid and administration process.

11.7.2 Criteria for Use

The State may elect to utilize the best value contracting process when any of the following are true:

- a. History of frequent contract cancellations due to failure to perform per the specifications (e.g. janitorial, security guard, painting, building maintenance contracts);

- b. High dollar one-time purchase orders or contracts (e.g. construction, food products/service, heavy equipment);
- c. Statewide contracts which are considered “professional service” type contracts (i.e. clinical laboratory service, elevator maintenance, temporary personnel service);
- d. Contracts requested and justified by requisitioning agency and approved by the Commissioner of General Services for best value procurement, or;
- e. other product or service recommended by the Purchasing Division and approved by the Commissioner of General Services.

11.7.3 Prior Approval

Upon determination by the Purchasing Division that best value contracting is the appropriate method to be used for the procurement; the Director of Purchasing shall submit a written request to the Commissioner of General Services along with a recommendation and supporting justification for utilizing best value contracting.

When a requisitioning agency requests the Purchasing Division to utilize the best value contracting process for a given procurement, that agency must put its request in writing to the Purchasing Division along with justification and supporting documentation. If the Purchasing Division determines the agency justification and documentation to be adequate and that the best value procurement method is appropriate, it will proceed with seeking the Commissioner’s approval as set forth in the preceding paragraph.

11.7.4 Bid Evaluation

Once the State has determined that the proposal meets or exceeds the specifications outlined in the invitation to bid, the Purchasing Agent will evaluate each bid and technical bid submittal that appears responsive to the Invitation to Bid requirements using the following process:

1. The evaluation criteria for the technical bid portion will include factors that have been determined, in advance, as relevant to the goods that are being purchased. The Purchasing Agent will award points based on the vendor’s proposal.

The following is an example evaluation matrix for an Invitation to Bid using the best value contracting process:

<u>Category for Evaluation</u>	<u>Maximum Points</u>
Bid Price	40
Service Experience and Qualifications	25
Implementation and Start Up Cost	10
Availability of Recycled Products	10
Vendor Performance History	15
	<hr/> 100

Note: Bid price must constitute at least 40 points of the total evaluation.

The following is an example calculation of a completed Technical Bid evaluation:

<u>Category for Evaluation</u>	<u>Maximum Points</u>
Bid Price	-
Service Experience and Qualifications	20
Implementation and Start Up Cost	7
Availability of Recycled Products	9
Vendor Performance History	13
	<hr/> 49

2. Once the Purchasing Agent has completed the evaluation of the technical portion of the Bid, the bid price (single award, line item, or group award) will be calculated using the following formula:

$$\frac{\text{Lowest Overall Bid Price}}{\text{Bid Price}} \times 40 \text{ points} = \text{Bid Price Score of Evaluated Bid}$$

The following is an example calculation to determine a Bid price score:

Note: Each score will be rounded to the nearest hundredth.

<u>Scenario:</u>	Lowest Price of Bids for evaluation	\$ 48,000.00
	Bid Price of current bid for evaluation	\$ 52,000.00

$$\frac{48,000.00}{52,000.00} \times 40 \text{ points} = \text{Bid Price Score of evaluated Bid}$$

$$.9231 \times 40 = 36.92$$

3. The Purchasing Agent shall combine the technical bid submittal scores with the bid price scores for each bidder to determine the bid with the highest evaluated score.

The following is an example of a completed score matrix:

<u>Category for Evaluation</u>	<u>Maximum Points</u>
Bid Price	36.92
Service Experience and Qualifications	20
Implementation and Start Up Cost	7
Availability of Recycled Products	9
Vendor Performance History	13
	<hr/> 85.92

11.7.5 Award Recommendation

1. For each responsive bid proposal, the Purchasing Agent will document the bid evaluation team members' names and scores, evaluation results and recommend award to the bidder which has received the highest evaluation score. The Purchasing Agent shall submit the bid file for review and approval to the Purchasing Agent Supervisor for concurrence with award. The Purchasing Administrator will review and approve the evaluation results prior to the Contract Award.
2. Notwithstanding the foregoing, to make a contract award to a bidder not receiving the highest evaluation score, the Purchasing Agent must justify by-pass or bid rejection of the bidder who has received the highest score and submit the bid file to the Purchasing Director for by-pass or bid rejection approval with a written recommendation and supporting justification (i.e. failure to provide required insurance and/or bond(s) within ten (10) business days).
3. After the Purchasing Agent completes the award recommendation process and notifies the bidders of the official award recommendation, the bid file shall be open and available for public inspection for at least seven (7) calendar days prior to the actual award of the contract.
4. Protests shall be governed by Tennessee Code Annotated, Section 12-3-214, and Rule 0690-3-1-.12 of the Rules of the Department of General Services.

11.8. Agency Delegated Purchase Authority from Bid

The authority for State agencies to purchase directly from qualified registered bidders and vendors in Edison by taking bids is granted only in very specific and limited cases.

11.8.1. Request

Agency request for Delegated Purchase Authority from Bid must be submitted in Edison) and include the following:

1. the specific class, type of commodity, or service;
2. the requested beginning date and ending date of the delegation;
3. an estimate of the maximum amount allocated delegation term shall not exceed twelve months;
4. agency justification explaining why this delegated purchase authority from bid is necessary.;
5. agency delegated purchase authority from bid that is issued for REPAIR may utilize a minimum of three sealed bids where the agency has documented that it is not practical to transport the disabled item to a potential bidder's site or it is not timely to require potential bidder to schedule visits; and
6. there may be commodities or services that can not be procured by competitive means. However, the only practical method of procurement is by agency delegated purchase authority from bid. For example: repair to specialized equipment where the agency is at a remote location. In such cases where delegated purchase authority from bid is requested and the agency is aware in advance that the commodity/service is single source; justification and approval of single source must be obtained. Where approval of single source was not obtained in advance, agency documentation must justify the single source purchase (reference Section 16.7).

11.8.2. Board of Standards Approval

After receipt and review by the Purchasing Division, requests for Agency Delegated Purchase Authority from Bid that are considered to have merit must be approved by the Board of Standards or it's designees. The Board may accept or reject the recommendations of the Purchasing Division and grant or deny this authority. If granted, the Purchasing Division will approve a Delegated Purchase Authority from Bid in Edison defining the limits of such authority.

11.8.3. Rejection

If the request is denied, the Requisition for Purchase request will be returned to the agency for cancellation.

11.8.4. Bid Requirements/Purchase Orders

Subsequent Edison purchase orders against this authority must be processed by the agency on an Agency Purchase Order. Agency shall obtain at least three (3) competitive bids to secure commodities or services over \$5,000. Agency documentation of award is to be included in Edison and must include the date and full name of the person entering the data. The delegation is issued for the specific class or type of commodity or service identified and approved in Edison. Agencies cannot utilize this delegation to procure any other type of commodity or service. The bids or a record of quotation are filed as part of the transaction file. Signed and dated confirmation of bids will be required from all bidders prior to issuing a purchase order on purchases exceeding \$25,000. Facsimile confirmation is acceptable as written confirmation of bids on informal purchases not exceeding \$25,000. Informal written or telephone quotation requests will specify a closing time and date. Telephone quotation requests under \$25,000 are recorded as received (reference Section 12). Bid requests over \$25,000 for agencies with Delegated Purchase Authority from Bid shall be formal sealed bids in Edison which are publicly opened, and examined at the time, date and place as stated in the Invitation to Bid [Rule 0690-3-1-.03].

It is the agency's responsibility to monitor the availability of funds remaining on the delegation.

11.8.5 Delegated Purchase Authority from Bid Exception for Fresh Produce

Delegated Purchase Authority from Bid is not required for the purchase of fresh produce on a repetitive basis. Because of the difficulty in obtaining stable pricing on fresh fruits and vegetables, agencies are to use their local purchase authority for purchases of fresh produce or, if above local purchase dollar amount, submit a requisition to Purchasing based on the amount of the purchase. Reference T.C.A. §12-3-210 and Board of Standards' Agenda Item #1080.00, approved dated April 28, 2009.

11.9. Emergency Purchase

In case of an emergency arising from unforeseen causes, a State agency may request and receive from the Purchasing Division an Emergency Purchase Authorization to purchase the supplies, materials, equipment, or services required for immediate delivery to that agency. The purchase must have prior authorization from the Purchasing Division. All emergency purchases shall, if practical, be made on the basis of competitive bids.

11.9.1. Instructions

The procedure for obtaining Emergency Purchase Authorization is:

1. The Agency shall enter a requisition, in Edison.
2. Documentation in Edison of justification as to why this purchase must be processed as an emergency purchase and can not be purchased utilizing normal purchasing procedures.
3. The agency shall contact by telephone the Purchasing Agent Supervisor for Emergency Purchase authorization (Reference 11.8.2). The Purchasing Division may in lieu of delegating the Emergency Purchase authority to the agency, elect to procure the goods or services through the Purchasing Emergency Purchase Procedure. (Reference 11.8.5).
4. The agency is to secure three (3) competitive bids, if practical, and record the bids in Edison or document as to why three bids were not obtained. If sole source, agency must provide the justification required for sole source. If the amount of the purchase is over \$5000, written confirmation of the successful bid must be secured Tenn. Code Ann. § 12-3-205.
5. The agency shall obtain diversity information from the vendor recommended for award. This information must be entered in Edison.

Tenn. Code Ann. § 12-3-804 requires agencies to actively solicit bids from minority owned, woman owned and small businesses. A current listing of active and certified minority owned, woman owned and small businesses can be found on the Governor's Office of Diversity Business Enterprise Intranet website at <http://intranet.state.tn.us/businessopp/actdivbus.pdf>. In instances where bids are not obtained from minority owned, woman owned or small businesses, agencies are required to

fully document their good faith effort to solicit bids from such businesses.

11.9.2. Emergency Purchase Authorization

Prior authorization by the Purchasing Division is required for emergency purchases. An approval must be secured from the Purchasing Agent Supervisor of record for the commodity or service requested. The request for authorization may be approved by one of two criteria. The first is a true emergency. The second is not a true emergency, but may be approved as the only method of payment for commodities and services ordered by the agency due to improper planning, improper purchasing method, contract expiration, or other reasons.

11.9.3. Disapproval

The request for approval may be denied by the Purchasing Agent Supervisor as not being a true emergency, at the time of denial the agency is responsible for cancellation of the Emergency Purchase. The agency will be advised at the time of the denial as to the appropriate procedure to secure the commodities or services requested.

11.9.4. Purchasing Division Emergency Purchases

An Edison one-time Requisition or Emergency Purchase request entered by the agency may be processed under the emergency purchase procedure by the Purchasing Division. Agencies should contact the Purchasing Division and advise the circumstances of the emergency. If justified, the Purchasing Division may utilize expedited purchase procedure including short closing dates, an informal emergency bid process or other authorized means.

11.10. Extraordinary Emergency Purchase

Should emergencies affecting the health or safety of any person occur during periods when Purchasing Division personnel are not available, any State agency is authorized to contract for any commodity or service without prior Emergency Purchase Authorization. The State agency shall report such purchases to the Purchasing Division as soon as practical. The procedure for "after the fact" authorization is the same as previously described for prior emergency authorization, except when the authorization is denied.

12. BIDDING POLICY

12.1. Informal Written/Telephone Bids \$25,000 and Under

The dollar value limits for informal written or telephone bids shall not exceed \$25,000 for agencies with Delegated Purchasing Authority from Bid. The selection of bidders for a one-time purchase of small value is determined on the vendor's diversity certification status, (minority owned, woman owned or small business) geographical location, and past performance. All purchases exceeding \$5,000 shall, be based upon three (3) competitive bids. Tenn. Code Ann. § 12-3-804 further requires agencies to actively solicit bids from minority owned, woman owned and small businesses. A current listing of active and certified minority owned, woman owned and small businesses can be found on the Governor's Office of Diversity Business Enterprise Intranet website at <http://intranet.state.tn.us/businessopp/actdivbus.pdf>. The bids or a record of quotation are filed as part of the transaction file. Signed and dated confirmation of bids will be required from all bidders on purchases exceeding \$5,000. In instances where bids are not obtained from minority owned, woman owned or small businesses, agencies are required to fully document their good faith effort to solicit bids from such businesses. Fax confirmation is acceptable as written confirmation of bids on informal purchases not exceeding \$25,000 for agencies with Delegated Purchase Authority from bid.

12.2. Formal Purchases/Sealed Bids

A bid list for one-time purchases of large value and term contracts is determined by the vendor's diversity certification status, (minority owned, woman owned or small business) qualifications, the apparent ability of the vendor to perform the contract, geographic location, and past performance. Measures used in determining ability may include net worth, number of employees, gross annual sales, time in business and comparable contracts. Utilization of a selection technique by a Purchasing Division Purchasing Agent requires prior authorization. Telephone bids and/or electronic mail (facsimile) bids are not acceptable for formal sealed bids.

12.2.1. Sealed Bids

The formal sealed bid process is required for purchases over \$25,000 for the Purchasing Division and for agencies with Delegated Purchasing Authority. The following table shows the minimum number of invitations to bid required to be sent to prospective bidders and vendors on all sealed bid purchases.

\$0 to \$25,000

Five (5) Invitations to Bid

Over \$25,000

Fifteen (15) Invitations to Bid
for Purchasing Division

NOTE: DPA from Bid purchases for repairs require a minimum of three (3) bids when practical.(Reference 11.7.1)

12.3. Invitations to Bid

The Invitation to Bid may be canceled or amended any time prior to bid opening by the issuing agency with a notice to all bidders.

12.4. Combining Invitations to Bid

If bids are submitted by a vendor collectively in one large envelope, but respond to separate Invitations to Bid, each bid must be sealed in a separate envelope clearly marked on the outside or the bids will be rejected.

12.5. Postage

The issuing agency will not accept mail with inadequate postage. When postage-due mail is delivered, the State cannot assume the responsibility for paying the amount due and will refuse the mail.

12.6. Late Bid

A bid must be received in the issuing agency's office on or before the date and time designated for the bid closing or the bid will be rejected.

12.7. Bid Bond

A bid bond issued by a surety company licensed to do business in the State of Tennessee may be required by the Invitation to Bid. When required, the amount of the bid bond shall be stated as a set amount or as a percentage of the bid price in the Invitation to Bid. The bid bond can not exceed 5 percent of the total estimated value of the contract. Bid bonds submitted by unsuccessful vendors will be returned upon award of contract [Tenn. Code Ann. § 12-3-203 (j)].

12.8. Performance Bond

A performance bond issued by a surety company licensed to do business in the State of Tennessee may be required by the Invitation to Bid. When required, the amount of the performance bond shall be stated as a percentage of the contract price (but may not exceed 100 percent of the total contract price) and the amount may be reduced proportionately as performance under the contract moves forward successfully. Performance

bonds must be filed with the State of Tennessee within ten (10) working days after receipt of request. An irrevocable letter of credit or a certificate of deposit, from a state or national bank or a state or federal savings and loan association having its principle office in Tennessee may be accepted in lieu of a performance bond, subject to approval of the terms and conditions of said irrevocable letter of credit or certificate of deposit [Rule 0690-3-1-.09 (2)].

12.9. Insurance

Any time a vendor will be required to do work on state property, beyond delivering items to the agency location, the vendor must submit an original (.pdf acceptable) certificate of insurance meeting the criteria listed below. If the purchase is within the agency local limit, the agency doing the purchase will be responsible for verifying that the vendor has a current certificate of insurance in Edison or requesting that the vendor submit a certificate of insurance directly to the Purchasing Division for processing. The agency is not to award a purchase order until coverage has been documented in Edison.

The successful bidder(s) shall procure and maintain for the duration of the contract, at their own cost and expense insurance against claims for injuries to persons or damages to property including contractual liability which, may arise in connection with the performance of the work performed by the contractor, his agents, representatives, employees or subcontractors under the contract.

The insurance carrier(s) must be licensed to conduct business in the State of Tennessee. The insurance will be evidenced by an original or .pdf format document certificate of insurance. The certificate shall include wording which states the Purchasing Division will be notified thirty (30) days prior to cancellation of the coverage or a major change in the coverage provided. The State of Tennessee shall be held harmless for any injuries, claims or judgments against the contractor.

Certificates for liability coverages shall name the State of Tennessee Purchasing Division as an additional insured. The following Insurance Coverages are required:

Workers' Compensation Insurance: a certificate shall be provided which indicates the contractor provides workers' compensation coverage in compliance with the state laws of Tennessee, and Employer's Liability with the following limits:

E.L. Each Accident\$500,000
E.L. Disease- Each Employee\$500,000
E.L. Disease - Policy Limit\$500,000

General Liability and Property Damage Insurance: Comprehensive General Liability Insurance, including but not limited to, bodily injury, property damage, contractual liability, products liability, with combined single limits of \$500,000 per occurrence with a minimum aggregate of \$1,000,000.

The successful bidder(s) shall provide the Purchasing Division with an original certificate of insurance or .pdf format document as proof of insurance coverage, as stated above, naming the State of Tennessee, Purchasing Division as additional insured, within ten (10) business days after request. If the certificate of insurance is in .pdf format, it must be received directly from the insurance company.

Upon award, failure to maintain insurance coverage for the duration of the contract period may result in cancellation of the contract. In the event that the insurance policy on file in the Purchasing Division expires or is canceled, the contractor will be required to cease work until proof of insurance is presented.

13. BIDDING GUIDELINES

13.1. Invitation to Bid

State agencies dispatch either electronically or via print, Edison generated Invitations to Bid or Events to the prospective bidders and vendors, or an Invitation to Bid may be obtained by a prospective bidder or vendor at the issuing agency. A bidder's bid response is placed in a working file for evaluation by the issuing agency.

13.1.1. Vendor Address

Any Purchase Order issued as a result of a vendor's bid will be sent to the firm's name and address/e-mail address registered to the specific vendor number stated on the Invitation to Bid.

13.1.2. Signature on Bid

It is understood and agreed that the signature shall constitute an offer when accepted in writing by the State of Tennessee and subject to the terms and conditions of such acceptance will constitute a valid, binding contract between the State of Tennessee and the vendor/contractor submitting such offer. Unsigned bids

will be rejected. Unsigned bids cannot be signed after the bid has been opened, even if the bidder or the bidder's representative is present at bid opening. No signatures shall be in pencil.

13.1.3. Pricing

Invitations to Bid shall request a net price for the unit specified for each item. All pricing is FOB destination. The requirement for inside delivery must be stated within the Invitation to Bid and the resultant purchase order to assure that bidders are notified of such requirement and price their bids accordingly. The net price is list price less all trade or other discounts offered, not including cash discount for prompt payment. Unit price must be shown on the price sheet of the invitation to bid.

13.1.4. Errors

Each correction of a line item unit price made by the bidder on the bid response **MUST BE INITIALED IN INK** by each correction. No corrections will be made in pencil. No bid or line item shall be altered or amended after the bid opening. Failure to comply with the above may be cause for provisional rejection of part or all of the bid.

13.1.5. Cash Discount for Prompt Payment

Invitations to Bid request net prices. If cash discount for prompt payment is offered by the bidder, it must be shown in the space provided on the Invitation to Bid. Discount for prompt payment periods of less than thirty (30) days will not be considered in the award process. All discounts offered for prompt payment will be taken if earned. Cash discounts will be computed either from the date of delivery at destination and acceptance of the goods offered, or the date of receipt of correct and proper invoices prepared in accordance with the terms of the purchase order, whichever date is later. (Acceptance is further defined in Section 17). The State is eligible for the cash discount if the warrant is issued and post marked to the appropriate vendor prior to the 30th day from the above computation. If the payment is made via ACH (direct deposit), the discount is earned if the effective date of the deposit is within the 30 day limit.

13.1.6. Time of Performance

The number of calendar days required for delivery after receipt of order (ARO) must be shown by the vendor in the space provided on the Invitation to Bid. If delivery time is already specified by the

State and the bidder intends to comply, this space is not required to be completed by the vendor.

13.1.7. FOB Destination/Prepay and Add Freight

There are two terms that describe shipping methods accepted by the State. No shipping charges will be paid when the terms of the purchase are “FOB Destination”. This is the shipping method of choice. “Prepay and Add Freight” is the method of shipment used when the vendor will not ship “FOB Destination”. The vendor pays the shipping charges and adds this amount to the invoice. The charges on the freight bill should be the same as the charges shown on the invoice. When utilizing the prepay and add freight method, the estimated shipping cost must be considered in the bid evaluation process and entered as a separate line on the purchase order. The freight bill must accompany the invoice when submitted for payment. One of the two methods of shipment must be used.

14. AWARD POLICY

14.1 Rejection of Bids

The Purchasing Division reserves the right to reject any bid that contains prices for individual items or services that are inconsistent or unrealistic when compared to other prices in the same or other bids, if such action would be in the best interest of the State. This rejection shall be approved by the Director of Purchasing.

The Commissioner of General Services or Commissioner’s designee may reject all bids on any solicitation. Action to reject all bids shall be taken only for unreasonably high prices, error in the Invitation to Bid, cessation of need, unavailability of funds, failure to secure adequate competition, or any other reason approved by the Board of Standards [Tenn. Code Ann. § 12-3-203 (I)].

14.2. Acceptance Period

If a bidder fails to state the time within which a bid may be accepted, the State shall have sixty (60) days to accept.

14.3. Bidder Qualification

The issuing agency may inspect the facilities of any bidder or may require additional information regarding a bidder’s ability to perform the proposed contract. Bids may be bypassed for lack of apparent ability to perform the proposed contract. A bidder must, upon request of the State, furnish

satisfactory evidence of the ability to furnish products or services in accordance with the terms, conditions, and specifications. Bid bonds, performance bonds and/or other security may be required for any contract. Any such requirement must be set forth in the Invitation to Bid.

14.4. Criteria for Award

Each contract shall be awarded and let by the State of Tennessee with reasonable promptness by written notice to the lowest responsible and responsive bidders whose bid meets the requirements and criteria set forth in the Invitation to Bid.

Where more than one item is specified in the Invitation to Bid, the State reserves the right to determine the low bidder(s) either on the basis of each individual item, a group of items, or total of all items, unless otherwise provided in the Invitation to Bid or otherwise specified by the bidder. Where the Invitation to Bid provides for award(s) by item or groups of items, separate vendor awards will be made where each individual vendor award is in excess of \$5000.

14.5. Evaluation of Technical Offers and Bids

Technical offers and bids shall be evaluated based on the requirements set forth in the Invitation to Bid, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable (quantifiable). The Invitation to Bid shall set forth the evaluation criteria to be used. No criteria or factors may be used in the bid evaluation that are not set forth in the Invitation to Bid [Tenn. Code Ann. § 12-3-203(d)].

14.6. Alternate Bids and Specifications

Alternate bids may be accepted if the alternate bid meets specifications and submitted on state provided pricing documents.

14.7. Time Frame for Award

Each Invitation to Bid shall establish a time schedule for bid opening, evaluation, and inspection of the file. All sealed bids shall be publicly opened and examined at the time and place specified in the Invitation to Bid. An Invitation to Bid is considered awarded once the award documents have been signed by the Commissioner of General Services or the Commissioner's designee.

14.8. Tie Bids

A tie bid exists when two or more bidders offer products or services that meet all specifications, terms and conditions at identical prices, including cash discount offered for prompt payment. In such case, a tie bid will be broken by the following methods, in descending order:

1. "Tennessee Bidder" means a business (TCA 12-4-121(c)(2)):
 - a. incorporated in this state;
 - a. that has its principal place of business in this state; or
 - c. that has an established physical presence in this state.
2. small business
3. award item (s) to bidder who was low bidder on other items being bid per the same requisition;
4. best delivery;
5. by lot or coin toss.

(Rule 0690-3-1-.09(5))

14.9. Purchase Order Cancellation

No cancellation of a State of Tennessee Purchase Order may be made except in writing by the Department of General Services, Purchasing Division. No cancellation of an Agency Purchase Order or Contract Release Order may be made except in writing by the Department of General Services, Purchasing Division or the issuing agency.

14.10. Contractual Agreement

The delivery of a State of Tennessee Contract Award with the valid signature of a contracting officer constitutes acceptance of the offer to sell and consummates the binding contractual agreement.

Only the Commissioner of General Services or the Commissioner's designee is authorized to bind the State in a contractual agreement. A contract signed by other State personnel is null and void and does not obligate the State to payment for goods and services unless contracted for under authorization of Delegated Purchase Authority or Emergency Purchase.

Agency personnel are not authorized to sign standard contract forms used by vendors. (Tenn. Code Ann. § 12-3-105).

14.11. Amending Bid Prices

Bid prices may not be amended or changed after the bid opening.

14.12. Foreign Made Goods

To be considered, foreign made goods must meet specifications and must be in stock in the continental United States and available for immediate shipment at the time bids are submitted. If foreign made machines or mechanical equipment are offered, such offer must be supported by evidence acceptable to the Purchasing Division that adequate service locations, service personnel, and repair parts are available to the using agency from stock in the continental United States.

14.13. Protest by Bidder

A bidder may protest to the Commissioner of General Services a bid, bid process, procedure or pending award. The protest shall be submitted in writing to the Commissioner within seven calendar days after the bidder knows or should have known of the facts giving rise to the protest. In the case of a pending award, a stay of award may be requested. The Commissioner or the Commissioner's designee has the authority to settle and resolve a protest (Reference Tenn. Code Ann. § 12-3-214; Rule 0690-3-1-.12).

14.13.1 Protest Procedures and Protest Bond Requirements

Pursuant to Tennessee Code Annotated, Section 12-3-214 (Authority to resolve protested bids, bid process or procedures, and awards), the following are the Department of General Services, Purchasing Division's protest procedures and protest bond requirements:

Upon receipt of the "File Open for Inspection" letter which will be sent to all bidders on sealed bids via email, fax or mail prior to award listing the recommended awarded bidder(s) and award dollar amounts by line item or grouped line items the bidder/vendor may review the bid file. In no event shall any protest be allowed, however, more than seven (7) calendar days after bidder knew or should have known of the facts giving rise to the protest.

If no protest letter with protest bond or a protest letter with a petition letter requesting exemption from the protest bond requirement is received, the Purchasing Division shall proceed with award.

If a bidder/vendor feels aggrieved and wants to protest the recommendation of award, the bidder/vendor shall be required to submit a letter of protest to the Commissioner of General Services with protest bond or a protest letter with a petition letter to the Commissioner of General Services requesting exemption from the protest bond requirement.

Listed below are the protest procedures and protest bond requirements:

1. The bidder/vendor shall deliver by mail or hand an original protest letter, manually signed in ink, with a protest bond or a protest letter with a petition letter requesting exemption from the protest bond requirement (if small, or minority owned) to the Commissioner of the Department of General Services within seven (7) calendar days after bidder knew or should have known of the facts giving rise to the protest. The protest letter should include the solicitation number and the reason(s) for the protest.
2. The protest bond shall be in the amount of five percent (5%) of the lowest bid evaluated as listed on the "File Open for Inspection" letter that pertains to the solicitation. If a protest letter is received prior to or during bid evaluation, the bidder/vendor shall be required to provide a protest bond, payable to the State of Tennessee, in the amount of five percent (5%) of the estimated amount provided on the solicitation/requisition.
3. If the protester is a small, or minority owned company, it may request an exemption from the protest bond requirement if the protested bid is less than one million dollars (\$1,000,000) by sending with the protest letter a petition letter requesting exemption from the protest bond requirement and clear evidence of being small, or minority owned. Upon receipt of the petition letter, the Commissioner of General Services ~~who~~ shall have five (5) business days to make a determination as to whether or not to grant the protester's request for exemption from the protest bond requirement. The protester shall be notified in writing of the Commissioner's determination as follows:
 - i. If the exemption is granted, the protest shall continue as if the protest bond had been provided.

- ii. If the exemption is not granted, the protester shall be required to provide the protest bond within three (3) business days of the date on the determination letter.
4. If the protest is not resolved by mutual agreement, the protester may request that the matter be considered at a meeting with the Board of Standards. The protester shall be required to submit a letter of appeal to the Commissioner of General Services, William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee 37243 requesting a meeting with the Board of Standards within seven (7) calendar days from the date of the final determination letter provided by the Commissioner or the Commissioner's designee. In the event that a letter of appeal is not received within the seven (7) calendar days, the Purchasing Division shall proceed with award.
5. If the protester submits a letter of appeal to the Board of Standards within the seven (7) calendar days, the Board of Standards shall hold a protest meeting and make a final determination in writing to the protester and the Commissioner of General Services.
6. The Purchasing Division shall hold the protest bond for at least eleven (11) calendar days after the date of the final determination by the Commissioner of General Services or the Commissioner's designee. If the protester appeals the Commissioner's final determination to the Board of Standards, the protest bond shall be held until the Commissioner is instructed by the Board of Standards to either keep the bond or return it to the protester. The protester shall be notified in writing of the decision to keep the protest bond or shall be sent the protest bond via certified mail.

Bidders/vendors who submit a letter of protest following award of the contract shall be sent a letter from the Department of General Services referring them to the Tennessee Claims Commission which has exclusive jurisdiction to determine all monetary claims against the state for the negligent deprivation of statutory rights pursuant to Tennessee Code Annotated, Section 9-8-307(a)(1)(N).

15. PUBLIC ACCESS TO THE BID PROCESS

15.1. Competitive Bids

Statutes require that purchases over \$5,000 be competitively bid. All purchases over \$25,000 for the Purchasing Division and for agencies with Delegated Purchase Authority from bid are to be procured through sealed bids (manual or electronic), which shall be publicly opened and examined at the time and place specified in the Invitation to Bid (Reference Section 12).

15.2. Evaluation Period

During the period when evaluation is being made, all bid analysis is confidential. This measure simply maintains the integrity of the bidding system. No State personnel in any office should discuss information pertinent to any bid during this period.

Violation of the confidentiality of bids pending award seriously compromises the State in establishing contractual agreements. Abuse of the principle by any State employee could result in disciplinary action.

15.3. Inspection Period

All bidders have the right to inspect the bid file, prior to award, upon completion of the agency's evaluation. An agency's Invitation to Bid must include language similar to the following:

"The agency's evaluation is to be completed by (TIME) on (DATE). Interested bidders should contact the agency prior to the date and time stated above to schedule an appointment to inspect the bid file. The inspection period will be for _____ days/hours following the evaluation."

The agency must afford the bidders a reasonable opportunity to inspect the bid file within the stated time frame. All Invitations to Bid issued through the Purchasing Division will be open for inspection no less than seven (7) calendar days. If there is no request to inspect the bid file the Purchasing Agent will proceed with the award once the seven days have passed. Multi-step sealed bidding requires that no less than five (5) working days shall be provided for such inspection [Tenn. Code Ann. § 12-3-203(e)].

15.4. Inspection of Records

All purchase records of State agencies shall be opened and accessible to the public during the regular office hours of the agency.

16. SPECIAL INSTRUCTIONS

16.1. Products for Resale

Agencies which procure products for resale (i.e. commissary, restaurant, etc) should enter a Requisition in Edison for a one-time purchase. When it is not possible to identify the specific need, the agency should enter a Requisition for Purchase in Edison to establish a term contract. The agency must identify and list all products singularly or by group on a requisition for purchase and furnish volume estimates for each purchase by line item in Edison.

16.1.1. Customer Preference

Products identified by the agency as proprietary or sole source due to customer preference should be entered as a Requisition for Purchase in Edison in accordance with Purchasing Rules [reference Rule 0690-3-1-.03 (5)]. Agency justification is required.

16.1.2. Statewide Contract Purchases

Requested products available on Statewide Contract must be purchased from Statewide Contract for resale unless:

1. the minimum order by dollar amount or quantity stated in a Statewide Contract cannot be met;
2. the product is approved by authorized Purchasing Division procurement staff as proprietary due to customer preference;
3. packaging does not conform to resale standards (i.e., size, volume).

16.1.3. Taxes

The State is exempt from Federal excise tax and State sales tax, except for the tax on tobacco products, petroleum, and vaccines. Contractors are not exempt from the use tax on materials and supplies used in the production of an item or used in the performance of a repair or construction contract.

Agencies which procure products for the purpose of resale shall register with the Department of Revenue. Upon registration, resale certificates will be issued to the requesting agency. The agency will issue resale certificates to the successful contractor(s) for products procured for resale. The agency is responsible for the collection of the appropriate sales or use tax when the product is sold.

16.2. Utility Contracts

The Department of General Services shall purchase or contract for all telephone, telegraph, electric light, gas, power, postal, and other services for which a rate for the use thereof has been established by a public authority in such manner as the Commissioner deems to be in the best interest of the State of Tennessee. Each such purchase or contract shall be made on a competitive basis whenever possible, in accordance with the Rules of the Department of General Services, Purchasing Division. Unless it has been determined that such purchase is single source. In the event that such purchase has been determined to be single source, the purchase shall then be made pursuant to the rules and regulations which govern sole source procurements. Wherever practical such services shall be bid (Tenn. Code Ann. § 12-3-209).

16.3. New Equipment

All supplies and equipment offered and furnished must be new unless the Invitation to Bid specifically permits offers of used items. Reconditioned items are not considered new and will not be acceptable. Remanufactured items or demonstration models may be accepted at the State's discretion if it is specifically allowed in the Invitation to Bid.

16.4. Purchase of Used Equipment

An agency shall enter the Requisition for Purchase in Edison. The used equipment will be inspected by the requisitioning agency to determine its condition. The results of this analysis shall be documented by the agency and submitted as a part of Requisition file. An agency should identify and list all products individually or by group on the Requisition and furnish volume estimates for each product. Purchasing will make a detailed study of the cost factors involved (new cost vs. used cost) and will make the decision to either purchase the equipment, or reject the requisition. Competitive Invitations to Bid shall be utilized, if practical, when used equipment is being purchased. Where bids are received, they will be examined to determine the used equipment's comparable value. If one bid is received, the Purchasing Division shall survey the market to determine the comparable value.

NOTE: No used item is acceptable if serial numbers or any other manufacturer's identifying label or markings have been removed, obliterated or changed in any way.

Agencies shall use this procedure when documenting the purchase of used equipment under their local purchase authority. Agencies are to obtain any other approvals as required by policy of the Board of Standards. A report

will be furnished by the Department of General Services, Purchasing Division to the Board of Standards for information purposes.

16.5. Trade-Ins

The State may request bids for new equipment employing trade-in of used equipment. In such cases a trade-in price quotation will be requested for trade-in purchases and a separate price quotation without trade-in for the requested equipment. The State reserves the right to evaluate bids and award a contract either with or without the trade-in.

The Department of Finance and Administration, Division of Accounts must approve that the item to be traded in is available for surplus and trade-in at the requisition stage and that the bid price offered is of fair market value at the pre-award stage. Agencies are to follow this procedure when using their local purchase authority. (reference Disposal of State Surplus Personal Property Rules and Regulation Manual; Rule 0690-2-1-12).

16.6. Testing of Qualified Products-(QPL)

The agency shall provide the vendor community sufficient time, prior to bid being let out, to submit products for testing. The agency is responsible for establishing a set minimum criteria for testing.

16.7. Sole-Source Purchase

There may be commodities or services which may not be procured by competitive means because of the existence of a sole source of supply. Sole-source purchases are made only when an item is unique and possesses specific characteristics that can be filled by only one source. These purchases must have prior approval by the Commissioner of General Services. In making this determination, the Purchasing Division considers factors such as the following:

1. Whether the vendor possesses exclusive and/or predominant capabilities or the item contains a patented feature not obtainable from similar products;
2. Whether the product or service is unique and easily established as one of a kind;
3. Whether the program requirements can be modified so that competitive products or services may be used;
4. Whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers;

5. Whether items must be interchangeable or compatible with in-place items.

Agency is to provide the following:

1. Documentation in Edison of justification as to why the product or service offered by the sole source vendor is the only product or service that can be utilized that will meet the agency requirements and is only offered by this sole source vendor;
2. Letter from agency's Commissioner to the Commissioner of the Department of General Services requesting approval of sole source;
3. Letter from vendor/manufacture stating that the vendor is the sole source of the product or service; and
4. Diversity information from the sole source vendor as currently required in the invitation to bid documents utilized by Purchasing (Reference Section 16.13)

After review of the written justification from the requisitioning agency and determining that the item to be purchased meets one or several of the above criteria, the sole-source purchase may be made without following competitive bid procedures.

16.8. Proprietary Purchase

A proprietary product is one that is manufactured and marketed by a person or persons having exclusive right to manufacture and sell the product. Marketing is generally controlled by franchises that may include competitive sales at wholesale or retail levels. When it is found that bids may be obtained from different franchises, a formal Invitation to Bid is issued. Request for all proprietary purchases require written justification from the using agency in Edison and approval by the Commissioner of the Department of General Services or the Commissioner's designee. The determining factor of sole-source purchase is also utilized in approval of proprietary purchase. [Rule 0690-3-1-.03(5)].

16.9. Computer and Telecommunications Hardware, Software and All Associated Peripheral Devices and Services.

Agencies requesting computer and telecommunications hardware, software or associated peripheral devices and services shall check for an agency term contract or a statewide contract in Edison. Orders against contracts are by issuance of a purchase order from Edison. A Requisition is entered in Edison for items not available on a term contract. The required commodity approvals in Edison (prior to purchase) shall be

determined by the Department of Finance and Administration, Office for Information Resources, Division of Budget and the Office of the Comptroller.

Purchasing policy shall be established governing the procurement of the above stated commodities. This policy shall be subject to agreement of the Department of General Services, Department of Finance and Administration, and the Office of the Comptroller. Other approvals may be required by policy of the Board of Standards.

16.10. Multi-Step Bidding

16.10.1. Definition and Scope

This is a two phase method consisting of a technical first phase. This is composed of one or more steps in which bidders submit unpriced technical offers to be evaluated by the State. The second phase occurs when those bidders whose technical offers are determined to be acceptable during the first phase, have submitted their bids for consideration.

The multi-step sealed bidding process is designed to obtain the benefit of competitive sealed bidding by award of a contract to the lowest responsible and responsive bidder. This process provides the benefits of the competitive sealed proposals procedure through the Invitation to Bid of technical offers and to conduct discussions to evaluate and determine the acceptability of technical offers.

16.10.2. Mandated Utilization

Pursuant to Tenn. Code Ann. § 12-3-203(a)(1), multi-step sealed bidding is required on the acquisition of departmental computer systems involving the purchase of hardware and the development of application software.

16.10.3. Optional Utilization

Pursuant to Tenn. Code Ann. § 12-3-203(a)(2), multi-step sealed bidding may be used on any acquisition subject to the approval of the Board of Standards.

16.10.4. Acquisition

For acquisitions made under the provisions of multi-step sealed bidding, validation tests for the purpose of determining compliance with performance standards, or for objectively determining the validity of the bidder's performance outputs which has resulted in

an adjustment to bid price may be conducted in phase two (2). After the apparent lowest responsible and responsive bidder has been determined, no such tests shall be required of the bidder unless, prior to the completion of phase one (1), validation tests shall be set forth in sufficient detail to enable bidders to perform such tests prior to the submission of the final technical offer. All performance standards, criteria for measuring performance output and validation tests shall be set forth in the Invitation to Bid. However, nothing herein shall be construed to mean that such validation tests shall be required to be conducted by the State.

16.10.5. Evaluation Team

Acceptability of Technical offers shall be determined by an evaluation team consisting of user agency personnel. The Purchasing Division will chair the evaluation team. Other evaluation team personnel will be determined by the Department of General Services, Purchasing Division, based on the type of commodity being purchased, special requirements of the agency, cost of purchase, and other factor(s) stated in the Invitation to Bid.

16.11. Copy Machine Lease/Purchase

Each department will have the responsibility for determining the appropriate copier to meet its needs. This responsibility will include a review of the copying needs and requirements coupled with a financial analysis to determine the most economical procurement method (lease versus purchase).

16.12. Printing and Acquisition of Forms and Publications

The printing or acquisition of forms and/or publications is controlled by two separate statutes and procedures which involve the review and authorization of these items prior to the requisitioning of the printing process through the Purchasing Division. Publications for all agencies which are required to process procurement through the Purchasing Division are reviewed and authorized by the Publications Committee for State agencies, which is supported by the Department of General Services, Records Management Division. The authorization for the production or acquisition of forms is governed by the Paperwork Reduction and Simplification Act of 1976 as administered by the Department of General Services, Records Management Division.

16.12.1. Publication Acquisition and Printing

Prior to the preparation of a Requisition for Purchase requesting the printing or reprinting of a publication as defined by the rules

and regulations of the Publications Committee, a "Request for Publication Authorization" (Exhibit 18) must be submitted to the Records Management Division for presentation to the Publications Committee or its staff for review and approval. Upon approval of the request, a publication authorization number is assigned to the publication for control and future reference. After the receipt of the authorization number from the Records Management Division, and when printing at a non-State-operated facility is authorized, the Requisition for Purchase is prepared and submitted to the Purchasing Division for processing through the normal open-market purchasing procedures. When printing at a State-operated facility, after all applicable approvals are secured (regardless of dollar amount) the request is prepared and submitted to that agency.

16.12.2. Forms Acquisition and Printing

Prior to the preparation of either a Requisition for Purchase requesting the printing or reprinting of a form, a "Forms Justification" (Exhibit 19) must be submitted to the Records Management Division for review and approval.

When approval of a form is granted, an authorization number is assigned to the form for control and future reference. After the receipt of the authorization number from the Records Management Division and when printing at a non-State-operated facility is authorized, the Requisition for Purchase is prepared and submitted to the Purchasing Division for processing through the normal competitive bid procedures. When printing at a State operated facility, after all applicable approvals are secured (regardless of dollar amount), the request is prepared and submitted back to the state operated facility.

16.12.3. Recycle Reporting

Agencies are encouraged to purchase recycled products where available and where the pricing is competitive. Agencies are required to record recycled percentage for purchases that contain recycled materials.

16.13. Purchasing from Minority-Owned, Woman Owned and Small Businesses

16.13.1. Description

All State agencies are to actively solicit bids from minority owned, woman owned and small businesses in order to procure a fair

proportion of purchases from minority owned, woman owned and small businesses. A current listing of active and certified minority owned, woman owned and small businesses can be found on the Governor's Office of Diversity Business Enterprise Intranet website at: <http://intranet.state.tn.us/businessopp/actdivbus.pdf>. (Tenn. Code Ann. §12-3-804).

16.13.2. Definition- Small Business

A business that is independently owned and operated, in accordance with the provisions of Tenn. Code Ann. § 12-3-802, and is not dominant in its field of operation.

16.13.3. Definition- Minority Owned Business

A continuing, independent, for profit business, that performs a commercially useful function and is at least 51% owned and controlled by one or more minority individuals who are impeded from normal entry into the economic mainstream because of past practices of discrimination based on race or ethnic background and are a member of one of the following subcategories:

- (A) African American: a person having origins in any of the black racial groups of Africa;
- (B) Hispanic: a person of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race;
- (C) Asian American: a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands; or
- (D) Native American: a person having origins in any of the original peoples of North America.

Any firm desiring to be certified as a minority owned business shall make application to the Governor's Office of Diversity Business Enterprise Intranet website at: <http://intranet.state.tn.us/businessopp/actdivbus.pdf>.

16.13.4. Definition-Woman Owned Business

A woman owned business that is a continuing, independent, for profit business which performs a commercially useful function, and is at least 51% owned and controlled by one or more women; or, in the case of any publicly owned business, at least 51% of the stock of which is owned and controlled by one or more women and

whose management and daily business operations are under the control of one or more women.

16.13.5. Certifications

All Governor's Office of Diversity Business Enterprise certified minority owned, woman owned and small businesses are coded in Edison. This information is available on the Go-DBE Intranet website at: <http://intranet.state.tn.us/businessopp/actdivbus.pdf>. Agencies are required to use this information to identify small, woman owned, and minority owned businesses when selecting vendors from whom bids are solicited for all purchases including agency delegated purchases.

16.13.6. Reporting

State agencies not utilizing Edison for all purchases are required to submit monthly reports. The forms are available from the Governor's Office of Diversity Business Enterprise. The reporting forms are available at <http://intranet.state.tn.us/businessopp/ContractReportingForm.xls>. This information will be used in compiling an annual report to the Governor and the General Assembly concerning the number of Invitations to Bid, responses, and value of awards made to small, woman owned, and minority owned businesses as required by Tenn. Code Ann. § 12-3-808.

16.13.7. Procedures

Solicited Bids: Purchasing Division staff will actively solicit bids from minority owned, women owned, and small businesses. In order to purchase a fair proportion of purchases from these business sectors, the subsequent items must be followed:

1. The Governor's Office of Diversity Business Enterprise (Go-DBE) has compiled a comprehensive directory of minority owned, woman owned and small businesses. The directory of active and certified businesses will be used in locating potential sources for various products and services. This list is located on the internet at www.tennessee.gov/diversity or intranet at <http://state.tn.us/businessopp/regdivcomp.html>. Additionally, the directory is providing a listing of diversity businesses including industry capabilities for which these vendors are registered. These tools are available on the Go-DBE website. The purchasing staff will contact the Governor's Office of Diversity Business Enterprise, Diversity Business Liaison (DBL) and will be provided an updated listing of all diversity businesses

currently registered and the status of their registration for certification.

2. The Purchasing Director shall report to the Governor's Office of Diversity Business Enterprise monthly, or as requested. The report must include: upcoming purchases, contract opportunities, and the level of procurement participation by minority owned, woman owned, and small businesses. A report of sub-contracting opportunities with diversity businesses including award amounts, percentage of participation by diversity businesses from the previous month will also be provided.
3. The Purchasing Director shall ensure that the diversity language is included in all Invitations to Bid issued by the Department, Division, or any other requisition submitted by other state departments, agencies, board or commission.
4. The diversity language is requesting bidders to indicate the level of diversity business participation for each individual procurement. The language is included in the boiler plate and incorporated as special terms and conditions. Bidders that do not address the diversity language may be determined non-responsive.
5. The Governor's Office of Diversity Business Enterprise (Go-DBE) will assist the Purchasing Director, upon request, with the evaluation of the diversity portion of the Invitation to Bid received in response to a solicitation.
6. The Purchasing Director shall notify the Governor's Office of Diversity Business Enterprise (Go-DBE) when Invitations to Bid are awarded indicating the estimated percentage of diversity participation, name of sub-contractor, award date, solicitation number, and the month awarded.
7. Any issues regarding vendor complaints that may lead to the cancellation or termination of contracts, or purchase orders awarded to diversity businesses registered with Go-DBE will be shared with the Director of the Governor's Office of Diversity Business Enterprise prior to cancellation.
8. Purchasing Director will share information with Go-DBE to resolve complaints regarding non-performance, non-payment, default, issues of cancellation and/or termination of contracts and purchase orders of any business registered or certified with Go-DBE.

17. RECEIPT, STORAGE AND INSPECTION

17.1. Receipt

When supplies, materials, and equipment are received by a State agency, the receiving agent shall make a written certification that the supplies, materials, or equipment received were equal in quality and quantity to those purchased by entering the receipt information in Edison. The agency's copy of the purchase order may be used to check goods and/or services received.

17.1.1. Shipping Documents

1. At time of delivery, the designated receiving person is to determine the purchase order/release number from the shipping documents, freight bill, packing slip, and invoice also verifying that the agency is the actual consignee. Examine the carrier's freight bill, making sure that the number of cartons, crates, boxes, etc., shown on the freight bill is the same as actually received.
2. Examine containers for signs of external damage or pilferage. If signs of damage/pilferage are obvious or suspected, it is to be noted on each copy of the freight bill and signed (not initialed) by the delivering driver.
3. The receiving person shall sign the freight bill, retaining a copy for agency records. The notation "SUBJECT TO FURTHER INSPECTION" shall accompany the receiving agent's signature.
4. After material has been received, the internal contents of all boxes, crates or cartons are to be counted and inspected in order to determine that the material received agrees fully with the quantity and description shown on the packing slip, purchase order, and receiving documents in regard to quantity, quality, size, color, model number, specifications, etc.
5. If any discrepancies (overages, shortages, damages) should appear, they must be noted on the packing slip, receiving report, and purchase order. These discrepancies should be reported immediately to the agency's procurement representative, so that the appropriate corrective action may be taken.
6. All receiving documents (packing slip, receiving report, and purchase order), are to report quantities actually received, date

received, vendor delivery, document number, and note the actual quantity in Edison .

7. The material received is to be retained and properly stored in the agency warehouse or sent to the proper department. Damaged goods and/or material deemed unacceptable are to be retained for further disposition.

17.1.2. Freight Collect/Collect on Delivery Shipment (C.O.D.)

1. Freight charges are not accepted unless they are prepaid by the shipper and added to the invoice. Freight charges should appear as a separate item on the purchase order.
2. If the freight bill reads "Collect", contact the shipper and have him inform the driver to change the charges to read "Prepaid". If all parties are in agreement, make sure the driver changes the charges to read "Prepaid" and signs both copies of the freight bill.
3. Under no circumstances sign a "Collect" freight bill that should be marked "Prepaid".
4. The receiving person shall not accept unauthorized "C.O.D." shipments. Contact your agency procurement representative for instructions.

17.1.3. Incorrect Items Shipped

1. If the entire shipment contains merchandise that was not ordered or does not meet the specifications, the receiving person shall not sign any receiving documents and must refuse the shipment. The shipment is to be returned at the vendor's cost.
2. If only one item (or a few) is shipped incorrectly out of an entire order and the shipment has been delivered via vendor's delivery person, the receiving person may refuse the incorrect item(s), and note all discrepancies on delivery ticket before signing the freight bill or packing slip. The agency procurement representative should be notified of the problem immediately.
3. If any entire order is received via common carrier and one item is incorrectly shipped, the following steps should be followed by agency receiving personnel:
 - a. Sign the freight bill as "Subject to Further Inspection" and have carrier's driver sign (not initial);

- b. Identify the incorrect item(s) and note all discrepancies on freight bill, purchase order, receiving report, and packing slip prior to forwarding to accounting;
- c. Provide the procurement representative with all documentation relative to the discrepancy; and
- d. In any of the cases listed above, the vendor must be informed of all discrepancies by the receiving agency. Contact the vendor for instructions for returning the merchandise, at the vendor's expense.

17.1.4. Under Shipments / Over Shipments

An under shipment is not to be confused with a partial delivery. A partial delivery indicates that the vendor has acknowledged that further shipments will be forthcoming. An under shipment (shortage), is when the actual count is less than the number of units of a particular item as it appears on the packing slip. An over shipment is when the actual count of a particular item is in excess of the number authorized on the purchase order and/or receiving documents.

- 1. The receiving personnel noting under shipment or over shipments may accept the order. However, all discrepancies (shortage and overages) must be noted on the delivery ticket before signature and a copy made for your files, if possible. This information must be noted on all receiving documents, and received in Edison.
- 2. Contact the vendor for instructions in returning the merchandise. Merchandise should be returned at the vendor's expense.
- 3. If under shipment occurs, advise your agency procurement representative. The agency procurement representative will follow up for the shortage or cancel the outstanding balance for the particular item.
- 4. If an over shipment occurs, advise your agency procurement representative, who will either accept the excess items for stock or return the overage to the vendor.
- 5. It is an acceptable industry practice for some commodities (i.e., printing, yard goods, etc) to have a plus (+) or minus (-) ten percent (10%) variance. In these instances, a short-run or overrun is acceptable within the variances, and there is no need for purchasing to issue a Purchase Order Change. However, actual quantity received should be noted on all receiving documents for inventory and accounting purposes. Report all

under shipments and over shipments in excess of the plus (+) or minus (-) ten percent (10%) variance to the Purchasing Division. The purchasing agent will advise you of any proposed action, and a change order will be affected if necessary.

17.1.5. Damaged Merchandise

1. Immediately upon delivery, examine all packages for visible or audible damage. If the entire shipment or majority of the shipment is apparently damaged, you may refuse the shipment.
2. If only one item (or a few) was damaged out of an entire order and the shipment has been delivered by a vendor's delivery person, you may refuse the one item. If only one item was damaged out of an entire shipment delivered by a common carrier (i.e., UPS), the agency should accept the shipment and note all damages on the delivery ticket, and/or freight bill, and receiving report unless instructed otherwise by the agency's procurement representative.
3. Any packages visibly damaged or suspected of concealed damages, must be examined in the presence of the driver to determine the condition of the contents within.
4. Note damages in detail on the freight bill. Sign and retain a copy. The notation "SUBJECT TO FURTHER INSPECTION" should accompany signature. This same information shall be documented in Edison.
5. Have the delivery personnel sign the agency copy and verify the notations (no initials, full signature required).
6. All deliveries should be inspected for concealed damages immediately.
 - a. Freight on Board (FOB)-Agency means that it is the vendor's responsibility to deliver procured items to the agency's dock unspoiled, undamaged, and at no additional cost to the agency as stated in the contract. It is the vendor's responsibility to contact the vendor selected carrier and request an Inspection Report whenever spoilage, pilferage, or damages occur.
 - b. Retain any damaged items and all packing materials at the location it was received. All damaged shipping containers must be kept for carrier's claims examiner/adjuster.
 - c. The agency procurement representative shall call the vendor immediately to report damaged materials. The

agency procurement representative must confirm this contact in writing to the vendor and document in Edison.

17.1.6. When Carrier makes Inspection of Damaged Items

1. Permit carrier's Inspector to physically examine the damaged items. Packing material for damaged items must be retained by agency receiving personnel along with freight bill.
2. Read carrier's Inspection Report before signing, and only sign if you are in agreement with the facts and conclusions. Any generalized statement such as "improperly packed" shall be challenged and definitive packaging violation cited. For concealed damage, avoid any statement to the effect that "damage could have been noted at time of delivery".
3. Unless repairs will be completely satisfactory, make sure the Carrier's Inspection Report requests replacement. A new item or part will be supplied by the vendor if the Inspection Report specifies "REPLACE".
4. The carrier's inspector will supply the agency a copy of the Inspection Report. Agency purchasing and receiving personnel shall have a copy of this report in their files.

17.1.7. After Carrier Inspection

1. Retain the damaged item and packing until written disposition is given by a carrier or vendor to use or dispose of them. A carrier may pick them up for salvage.
2. If a carrier picks up damaged items, the agency shall secure and retain a receipt for those damaged items.
3. Do not return damaged items to shipper without written authorization from the vendor, or unless specifically authorized by the agency procurement representative. Under the directive of the vendor, the agency must follow instructions as to returning procedures without cost to the agency.

17.1.8. Receipt of Goods When No Purchase Order Receiving Record is Available

1. Find out the purchase order number from delivery documents (Freight Bill and/or Packing Slip). Should the purchase order number not be referenced on the delivery documents, it is the carrier's responsibility to call the shipper, and obtain the required information.

2. If a receiving record is not found in the pending receiving report file or in Edison, this absence might be attributed to emergency telephone orders. Contact your agency procurement representative for determination as to validity of shipment and authorization to accept merchandise. This should include details regarding quantity, specifications, etc. For future clarification, a notation should be made of the date and time of authorization to accept delivery and the person's name providing such. If purchases cannot be verified, they are considered unauthorized deliveries and must be refused.

17.1.9. Duplicate Shipments

1. When a check of receiving record in Edison indicates the goods, materials, or equipment on the purchase order were previously received, the receiving person will call the agency procurement representative.
2. In the event of a duplicate shipment, the agency procurement representative will authorize the receiving person to refuse delivery since goods were previously received. Receiving agency procurement representative will advise the vendor that their agency refused delivery and that the merchandise is being returned.
3. If a duplicate shipment is inadvertently received, the agency should first contact the vendor for return instructions.
4. If a vendor refuses to accept return, the agency should contact the Purchasing Division for instructions.

17.1.10. Receipt of Unordered/Unidentified Parcels

Procedures for identifying parcels when no purchase order number or department address is available on the label are as follows:

1. Open the package to check if a packing list and/or invoice is available showing the order information.
2. If no identifying information is found, contact the company that sent the parcel to determine who originated the order.
3. If it cannot be determined who ordered the merchandise, simply return the merchandise to the vendor at the vendor's expense.

Beware of fraudulent telephone solicitors who may ship unordered merchandise (office supplies, office machine

products, etc) to unsuspecting agencies. Verify in Edison that each incoming shipment has a legitimate purchase order number and was authorized prior to acceptance. If an unordered parcel is received, return the goods to shipper. The acceptance and use of the material could result in the agency having to pay the invoice. Report suspected fraudulent shipments to the Purchasing Division.

17.1.11. Substitutions

Substitution is defined as the manufacture or shipment of an item that materially conforms to or exceeds the specifications but may be technically different from the item bid. Substitutions are to be at the same or less than the awarded price. Substitutions shall require the approval of the Purchasing Division prior to shipment. Any products delivered that do not meet specifications will be returned to the vendor at the vendor's expense. When a shipment or product is returned, the contractor must make immediate replacement with acceptable merchandise or the State may seek remedies for default.

17.1.12. Points to Remember

1. The brand name or model listed on the Purchase Order must be supplied by the vendor. Unauthorized substitutions shall be refused.
2. The agency is responsible for contacting the vendor to expedite an overdue shipment. If satisfactory service cannot be obtained, contact the Purchasing Division for assistance.
3. The notation "SUBJECT TO FURTHER INSPECTION" shall accompany the receiver's signature on the freight bill/delivery document.
4. Document and date all communications in Edison.
5. If the item received has a service and/or parts manual, record the applicable purchase order number, date of receipt, model number, serial number, and initial the cover.
6. Warranty cards must be promptly filled out and mailed to the manufacturer.
7. Perishable Items - Check spoilage and/or shelf-life dates. Advise the Purchasing Division if a vendor is supplying expired merchandise or if it is near expiration. Do not accept any merchandise with expired dates. Perishable items should be date stamped upon receipt to insure rotation of stock.

8. The Receiving Clerk, or appropriate person, should prepare the receiving record in Edison promptly, to eliminate delay in payment of vendors.
9. Report damaged or pilfered shipments immediately to the vendor.
10. Report every shipment which does not meet or appear to meet requirements of the purchase order.
11. Report every shipment of inferior or substandard merchandise regardless of the provisions of the purchase order.

17.2 Monitoring Service Contracts

17.2.1. Ensure Quality Service and Entering Vendor Complaint

To ensure quality service, the agency shall monitor the contract vendor while on their property to ensure compliance with contract requirements. If at any time services are not provided in accordance with the contract terms, conditions and specifications, a reasonable effort to resolve the problem with the contract vendor should be made by the agency.

If the problem still exists, the agency shall enter a vendor complaint in Edison or via email to the purchasing agent if the agency does not have access to Edison. The vendor complaint letter shall be sent to the contract vendor containing the information entered in the vendor complaint screen or email.

The contract vendor is required to respond to the vendor complaint by the response date printed on the vendor complaint letter which has a maximum of 14 days. If the contract vendor fails to respond to the vendor complaint letter within the required time frame and/or fails to correct the problem for which the complaint was lodged, the Purchasing Division will send the vendor a warning letter stipulating that continued non-performance to contract terms, conditions and specifications may result in cancellation of the contract and that additional penalties may be assessed.

If the contract vendor continues to fail to provide services in accordance with the contract terms, conditions and specifications, the agency shall enter another vendor complaint. In the event that the problem cannot be resolved to the Purchasing Division's and the agency's satisfaction, all or part of the contract may be cancelled and the vendor may be removed from the qualified vendor list.

17.2.2. No Changes to Scope of Service Allowed

The agency is responsible for ensuring that the contract vendor is complying with the contract specifications. The agency is not permitted to change the scope of service once the contract is awarded.

17.2.3. Vendor to Comply with Changes Allowed For in the Contract

The agency can require the vendor to comply with changes allowed for in the contract. An example of this would be to adjust the scheduled work hours, the number of hours to be worked, the number of shifts, and the number of personnel on a security guard contract as allowed for in the specifications. By signing the solicitation which generated the contract, the vendor has agreed to the specifications and has bid a firm bid price. The agency shall notify the contract vendor in writing that there is either a temporary or permanent change as allowed for in the contract. A copy of the letter shall be forwarded to the Contract Administrator in the Purchasing Division. The Contract Administrator shall document the change in Edison and place the letter in the bid file.

17.2.4. Getting Clarification of Changes to Contract Scope of Service

If at any time the agency is unsure if they are allowed to make any changes to the scope of service, the agency shall contact the Contract Administrator for clarification. The Contract Administrator shall respond in writing to the agency with the determination.

17.3 Using Percentage from Catalog Contracts:

The following are instructions on how agencies are to use as per catalog (APCAT) contracts:

17.3.1 User Agency

Following award, user agencies shall request a copy the contract holder(s) catalog, price list or price schedule and if applicable a separate price list for “excluded or special items”. The catalog, price list or price schedule shall be provided to the agency by the contract holder at no charge to the State. If the contract holder is granted a catalog name or price change, the agency shall request a new catalog, price list or price schedule from the vendor.

When placing orders agencies shall adhere to the special term and condition titled “minimum order (exemptions)” which include the minimum order amount and if the orders are to be in case quantities.

17.3.2 Contract Holder

The contract holder is required to provide all items in the catalog, price list or price schedule that pertains the line item(s) awarded at the prices listed in the catalog, price list or price schedule and price code (if applicable). The price code, if any, will be shown on the contract line item.

The contract holder may request to substitute a different manufacturer's catalog than was originally awarded through the Purchasing Division and if granted, the contract will reflect the effective date of the catalog name change, the new catalog name, the catalog number and the catalog date.

17.3.3 Multiple Listing Contracts-Products

If the term contract is a multiple listing award, whereby all responsive and responsible bidders are awarded (i.e. Medical or Dental Supplies), the user agency shall compare the bids of all of the contract holders for the same item to determine the low bidder. Once the low bidder is determined, the agency shall award to the low bidder. The agency shall be required to maintain documentation of their calculations on how they determined the low bidder for a period of seven years.

17.3.4 Multiple Listing Contracts-Services

If the term contract is a multiple listing award, whereby all responsive and responsible bidders are awarded (i.e. Corrugated Pipe), the user agency shall compare the bids of the three vendors closest to the job site applying the percentage bid (discount, net cost or mark-up) to the catalog price to determine the low bidder. Once the low bidder is determined and the vendor can provide all requested items and meet the requested delivery timeframe, the agency shall award to the low bidder. If the low bidder can not meet the required time frame or provide all requested products, the agency shall document by-pass of the low bidder meeting all requirements. The agency shall be required to maintain documentation of their calculations on how they determined the low bidder for a period of seven years.

18. INSPECTION, STORAGE, AND ISSUANCE

Under Tenn. Code Ann. § 4-3-1105 (3), the Department of General Services is given the general care and supervision of all central storerooms operated by the State. The Department is responsible for inspecting warehouses for the proper receipt, storage and issuance of goods and supplies. Agencies should utilize standard storage management (space/storage techniques), material handling equipment and principles, safety, inspection, and inventory control practices.

The Department of General Services may require periodic reports by departments, institutions and agencies of the state government of stocks of supplies, materials, and equipment on hand. When requested, the Department will indicate the form and content of such reports (Tenn. Code Ann. § 12-3-107).

Receipt, storage and issuance of goods and commodities are monitored to point out structural defects which cause waste or could be injurious to health and safety. Inventory control practices, such as rotation of stock, prevent losses of food or other perishable stock and ensure cost effectiveness.

18.1. Definition of Inspection

Inspection is the close and critical examination of commodities delivered to State agencies pursuant to duly authorized orders. It includes determination that;

1. unless otherwise specifically ordered, the delivery consists of new and unused merchandise;
2. commodities of the quality, grade, or standard specified in purchase order or contract award have been delivered;
3. the design, construction, ingredients, size, kind, type, make, color, style, etc., of the commodities conform to the requirements of the purchase order or contract;
4. the packaging and labeling, marking or other means of identification meet specifications; or, if not specifically called or, conform to the best commercial practices for protecting the items during transportation, storage, handling, and distribution;
5. unless otherwise specifically ordered, the delivery contains no materials classed as seconds, factory rejects, mill ends, distressed merchandise, or having other objectionable characteristics;
6. the commodities comply with specification requirements in all essential respects, are in good condition, and delivery has been made in accordance with the terms and conditions of the purchase order or contract; and
7. this inspection includes responsibility for determining quantity (counting is considered a responsibility of the receiver).

18.2. Methods of Inspection

There are five methods of inspection.

1. Visual or Physical Inspection.

This method utilizes the five senses - sight, taste, smell, hearing and touch.

2. Certification

Certified copies of the manufacturers' test certificates should be obtained whenever possible. Certificates of inspection or affidavits of compliance with specification may be obtained for certain items.

3. Mechanical Inspection

The mechanical inspection involves the measurement of certain physical properties. The using agency may request that a laboratory analysis be conducted by notifying the Department of General Services.

4. Performance Inspection

The Performance Inspection is the verification of the performance capability of the product.

5. Analytical Testing

A laboratory is typically used for this type of testing and the approval of the Agency Procurement Representative is required before conducting any laboratory tests.

18.3. Evaluation of Products and Property – contact Property Utilization Division for Policy

The Property Utilization Division must be contacted by the agency for the evaluation of food products/consumable property earmarked for destruction, purchase, sale or transfer.

1. destruction of supplies or commodities not able to be exchanged and reused as per procedures;
2. the review of usage patterns of all commodities, regardless of how purchased to determine where overstock situations exist and list same for surplus transfer.

19. VENDOR COMPLAINTS

19.1. Role of the Agency

- 1 Acquire and/or prepare documentation of such deficiencies as is necessary to resolve the problem.
- 2 Maintain permanent records of vendor problems and, when necessary, prepare a complaint to vendor in Edison.

19.2. Complaints

Vendor complaints are used by agencies to report instances where the vendor fails to perform in accordance with the purchase order. This includes failure to perform by the date specified or within a reasonable length of time and any unacceptable difference(s) between the purchase order and the merchandise received. A reasonable effort to resolve the problem should be made by the agency before filing a vendor complaint.

19.2.1. Instructions: Complaint to Vendor

Items with unacceptable differences that are visible should be refused, returned and reported as returned, with a full explanation of the reason for the return. Performance that is below that which can be reasonably expected or hidden damages should be reported immediately upon discovery. The nature of the complaint should be marked accordingly with any additional information listed.

19.2.2. Initial Distribution

Original copy - This copy is dispatched to the vendor by the Purchasing Division.

No. 2 copy - This is utilized by the Purchasing Division. It includes documentation of resolution and is added to the vendor's complaint file.

19.2.3. Vendor Reply

The vendor is required to reply to a Complaint to Vendor in writing within fourteen (14) days. In extreme cases vendors may be given less time to respond. The Purchasing Division is to act to secure a definite commitment of action by the vendor if a reply is not received. Failure to reply may result in removal of the vendor from the approved Edison list of bidders.

19.2.4. Contract Cancellation

Any issues regarding vendor complaints that may lead to the cancellation or termination of contracts, or purchase orders awarded to a Diversity Business will be shared with the Director of the Governor's Office of Diversity Business Enterprise.

19.2.5. Shared Information

Purchasing Director will share information with Go-DBE to resolve complaints regarding non-performance, non-payment or default or

recommendations of cancellation or termination of contracts and purchase orders of any business registered or certified with Go-DBE.

19.2.6. Vendor Resolution to Complaint

The Purchasing Division may schedule a meeting with the vendor and agency to attempt a resolution. The Purchasing Division relies upon input from the using agency, and vendor in an effort to expeditiously resolve all complaints. A brief explanation of the resolution is recorded in Edison by the Purchasing Division.

19.2.7. Removal from Qualified Vendor List

Cancellations, terminations, defaults, and debarments become a part of the vendor's application file.

Failure of a vendor to perform satisfactorily in any of the below areas may result in removal from the bid list and may also result in a vendor's liability for damages to the State;

1. Over shipments;
2. Under shipments;
3. Late Shipments;
4. Failure to Ship;
5. Damaged Products;
6. Defective Products;
7. Shipments not in Conformance with Specifications;
8. Unauthorized Substitutions;
9. Billing Errors;
10. Service Deficiencies;
11. Failure to Respond to Complaints;
12. Unethical Practices;
13. Misrepresentation of Merchandise;
14. Conviction or plea of guilty or no contest to crimes involving fraud or restraint of trade with respect to public contracts.

20. COMPLIANCE

This section is transferred to the Department of General Services, Division of Internal Audit and Compliance

The Department of General Services, Division of Internal Audit and Compliance is responsible for ensuring state agencies are following proper purchasing procedures. They will utilize a combination of reports from Edison, along with, agency documents, and reports on payment card activity, to determine where purchasing violations may be occurring. They will also work with state agencies to help schedule training and provide assistance with procedure issues as well as make recommendations for disciplinary action for agencies that need corrective action.

The Purchasing Division will be responsible for overview of all requisitions for Delegated Purchasing Authority from Bid. If a previous DPA from Bid was in place, the team will utilize Edison to review purchasing practices on the prior DPA for compliance and violations. Examples of DPA violations may include but are not limited to failing to obtain the proper number of bids or purchasing an item which is not authorized on the DPA. Purchasing may request copies of agency bid documents.

20.1. Method Used in Overview

1. Provide assistance to state agencies needing guidance and training regarding purchasing policies and procedures.
2. Overview of all DPA from Bid activity
3. Work with user agencies to train both procurement and receiving personnel on the proper methods of receipt, recording of goods received, and what to look for and how to document discrepancies in the shipment.
4. Help monitor items ordered from statewide contracts to ensure that items received meet specifications on the contract (reference section 17.2).

20.2. Payment Card – Vendor Registration

State Payment Card purchases shall be evaluated by the Division of Internal Audit and Compliance monthly for Agencies spending \$5,000 or more with any one vendor within any 6 month period. This report will be compiled using the information provided monthly by the payment card vendor.

Any vendors found to have been paid in excess of \$5,000 will be cross referenced with the vendor registration system. Vendors not registered will be issued a letter, by the Division of Internal Audit and Compliance, requiring that the vendor do so within 60 days of notifications. A copy of the letter will be provided to the Bidder Registration Staff for monitoring throughout the 60 day period. Vendors electing not to register will be deemed as not wishing to do business with the State of Tennessee. Agencies will be notified to that effect. The Division of Internal Audit

and Compliance, will maintain a list of vendors not registering after the 60 day period as reported by the Edison.

21. PAYMENTS

21.1. Payment

To promote good public relations and to take advantage of any discounts offered, agencies should establish internal procedures to ensure prompt transmittal of claims to the Division of Accounts for payment. Upon receipt of claims from vendors, the expending agency verifies the actual receipt of commodities delivered or services performed and determine the following:

1. The original invoice is attached as support for the expenditure;
2. Quantities indicated on the invoice agree with, or are less than; quantities received;
3. Extensions and totals on the invoice submitted for payment are correct;
4. Cash discounts are taken if earned;
5. The state tag number that has been recorded in Edison is written on the face of the invoice for payment of expenditures associated with:
 - equipment with an initial cost of \$5000 or more;
 - sensitive minor equipment;
6. The Voucher Register is signed by individuals authorized the agency head.

Upon completion of these requirements, the claims are submitted to the Division of Accounts for audit and payment.

21.2. Expenditures

Expenditures are recorded when claims for commodities received or services performed are processed through the Division of Accounts for payment.

21.3. Prompt Payment

The Prompt Payment Act of 1985 requires that, if no date for payment is agreed upon in the contract, payment will be made within forty-five (45) days after receipt of a correct invoice. Overdue payments accrue one and

one-half percent (1 1/2%) interest, and an agency may not seek additional appropriations to pay disputed bills.

21.4. Encumbrances

The encumbrance procedure restricts a portion of an allotment at the time a commitment is made. This is done to preclude over commitments of funds by expending agencies, thus ensuring amounts will be available to cover expenditures when the commodities are delivered or services performed. Claims for personal services and other exempt items are not normally encumbered against an allotment. These are recorded as expenditures and reduce the balance of the allotment at time of payment.

22. EXEMPTIONS

22.1. Exempt Agencies

The following State agencies are exempt by law (Tenn. Code Ann. § 12-3-103) from purchasing through the Purchasing Division. Where the Purchasing Division has established term contracts, exempt agencies are required to use such contracts unless they can obtain the product at a lesser cost. All exempt agencies must adhere to the policies and procedures of the Board of Standards and may purchase through the Purchasing Division.

1. The General Assembly of the State of Tennessee;
2. The University of Tennessee;
3. The State University and Community College System;
4. The State Technical Institutes.

22.2. Exempt Commodities and Services

The purchase, lease, construction, management and disposal of highways, bridges, public buildings, real estate, insurance policies, and professional services are exempt from purchase through the Purchasing Division but are governed by other laws and regulations. The purchase of fresh fruits and vegetables is exempt and does not require a contract or DPA. The purchase of asphalt, concrete and crushed stone for highway construction, management and maintenance are exempted from purchase through the Purchasing Division. The operation of vending machines and vending stands in State facilities is exempt from purchase through the Purchasing Division in instances where the Blind Services Division of the Department of Human Services prefers to operate the facilities. [Reference –Tenn. Code Ann. § 71-4-207]

22.3. Purchase Order Exemptions

Some purchases will not require a purchasing document to accompany payment requests, some specified purchases and services require a contract to be established by either the Department of Finance and Administration or the Department of Human Resources. In addition, other specific purchases do not require a contract but require additional approval by the Department of Finance and Administration or the Department of Human Resources. State agencies are not required to submit a purchase order for certain purchases as listed below unless otherwise noted on term contracts. These purchases, however, may be governed by other law or regulation and may require approval by a State agency.

1. Purchases of up to \$5,000 are exempt unless the item(s) is procured pursuant to a contract entered into by the Purchasing Division. A printed purchase order may not be required by the vendor, however, ePro Requisition and Purchase order must be completed in Edison or purchased utilizing a payment card.
2. Telephone billings.
3. Books (State funds should never be used to purchase political publications of any sort).
4. Newspaper, radio, internet, or television advertisements.
5. Freight charges not incurred in connection with the purchase of supplies and equipment.
6. Postage charges, including the purchase of metered postage.
7. Charges on airline and gasoline credit cards.
8. Bonding fees or Notary Public fees.
9. Building permits.
10. Deed registration fees.
11. Court fees.
12. Utility billings, connection fees and landfill charges.
13. Prescriptions for individuals for emergency treatment for clients or wards of the State.
14. Title fees, title insurance or title search.
15. Tuition, fees and supplies for training of individuals (Approved by the Department of Human Resources for State employees).
16. Occasional charges for rooms for meeting and attendant expenses.
17. Expenses in connection with meetings, such as coffee and doughnuts.
18. Rental of vehicles while on approved travel.

19. Chemical and pesticide samples for mandated Federal and State testing by Department of Agriculture. Individual purchases not to exceed \$200.

22.4. Prior Approval Required

This list includes purchases which do not require purchase orders but which should be made by contract or authorization approved by either Department of Finance and Administration (F&A), Department of Human Resources (DOHR), or Department of General Services Purchasing Division pursuant to applicable rules and procedures as indicated and approved by:

1. Fees for personal, consultant, and professional services. Examples are doctors, lawyers, veterinarians, architects, consultants, court reporters, interpreters, ambulance, demurrage, appraisals (F & A Rules, Chapter 0620-3-3, and DOHR);
2. Rental or lease of property (F&A);
3. Purchase of artifacts for historical or commemorative purposes (Purchasing);
4. Tuition, fees and supplies for training of individuals. (the Department of Human Resources on Form 602, Out Service Training Nomination, for State employees by the Department of Finance and Administration for other individuals);
5. Occasional charges for rooms for meetings, and attendant expenses in excess of \$200 per day for a maximum of five (5) days would be required. The \$200 per day maximum would be totally inclusive of all charges for the day (F&A);
6. Convention fees/Registration fees in excess of \$100 per individual for a maximum of ten (10) individuals (F&A);
7. Association entry fees (F&A).
8. Organization membership dues and subscriptions to newspapers, periodicals, newsletters, or pamphlets (F&A, Policy 10);
9. An employee's moving expenses. (F&A);
10. Rental of passenger vehicles (F&A);
11. Purchase of awards for State employees (DOHR);
12. Purchase of awards for private citizens (F&A);
13. Honoraria and attendant expenses (F&A); or
14. Insurance policies (F&A) or an appropriate committee as required by law.

22.5. Correction of Accounting Errors

At times payment is made for the balance of a purchase order when the full amount of the purchase order has been previously liquidated in error. This type of payment should not be classified as an emergency and does not need a Departmental Purchase Order or Emergency Purchase Order. The agency must submit a journal entry request to the Division of Accounts requesting reinstatement of the purchase order balance that was liquidated in error. Payment should be processed through Edison as usual.

22.6. Direct and Associated Expenses of Debt Management

Contracts for procurement of services in connection with issue, sale, purchase and delivery bonds, notes, and other debt obligations or the administration, safekeeping, and payment after delivery of such debt obligations by the State or any of its agencies (State Funding Board, State School Bond Authority, Housing Development Agency and Local Development Authority) are exempted from purchase through the Purchasing Division. Such procurements are accomplished under the direction of the respective governing bodies (Chapter 115, Section 4 of the Public Acts of 1983 and Tenn. Code Ann. § 12-4-109 and 12-4-110).

**EXHIBITS
TABLE OF CONTENTS**

E1. Definitions	82
E2. Units of Measure	94
E3. Energy Standards Products.....	97
E4. Publication Authorization Form	98

Exhibit 1 DEFINITIONS

Acknowledgment - A form used by a vendor to advise a purchaser that his order has been received. It usually implies acceptance of the order.

Act of God - A danger that could not be avoided by human power; any natural cause of damage which is irresistible (e.g. hurricane, flood, lightning), and which is in no way connected with negligence.

Agency - A relationship between two parties by which one, the agent, is authorized to perform or transact certain business for the other, the principal; also, the office of the agent. An administrative division of a government.

Agent - A person authorized by another, called a principal, to act for him.

Agreement - The bargain of the parties in fact as found in their language or by implication from other circumstances including course of 1 through 9 of this title (47-2-208). Whether an agreement has legal consequences is determined by the provisions of chapters 1 through 9 of this title, if applicable; otherwise by the law of contract (47-1-103). See Contract.

All-or-None-Bid - A bid for a number of different items, services, etc., in which the bidder states that he will not accept a partial award, but will only accept an award for all the items, services, etc., included in the bid.

Alternate Bid - A response to a call for alternate bids. A bid submitted in knowing variance from the specifications. Such a bid is only acceptable when the variance is deemed to be immaterial.

Antitrust Legislation - Laws that attempt to prevent or eliminate monopolies or oligopolies and to prevent noncompetitive practices.

Appropriation - Legislative sanction to use public funds for a specific purpose. Money set apart for a specific use.

Arbitration - A process by which a dispute between two contending parties is presented to one or more disinterested parties for a decision. Resolution of a disagreement by such a process.

As Is - A term indicating that goods offered for sale are without warranty or guarantee, and that the purchaser takes the goods at his own risk without recourse against the seller for the quality or condition of the goods.

Authorized Price List - A price list of the products and/or services covered in a contract which contains minimum essential information needed by users for placing orders.

Award - The presentation of a purchase agreement or contract to a bidder; the acceptance of a bid or proposal.

Back Door Buying - Making a purchase without going through a central purchasing authority.

Back Door Selling - Direct, undue marketing effort to induce preference on the part of program managers or using agencies for particular product, service, or seller with intent to constrain competition.

Back Order - That portion of an order which a vendor cannot deliver at the scheduled time and which they re-entered for shipment at a later date.

Best Interest of the State - A term frequently used in granting a purchasing official the authority to use his discretion to take whatever action he feels is most advantageous to the government. The term is used when it is impossible to anticipate adequately the circumstances that may arise so that more specific directions could be delineated by the law or regulation.

Bid - An offer, as a price, whether for payment or acceptance. A quotation specifically given to a prospective purchaser upon his request, usually in competition with other offerers. Also, an offer by a buyer to a seller, as at an auction.

Bid Award File - A file divided into commodity and item sections listing those solicited for individual bids, what each response was, and other information. The bid award file is used to compare past bids for award patterns that might reveal collusive agreements or to make other comparisons of data.

Bid Bond - An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event that a specific bidder, if his bid is accepted, fails to sign or comply with the contract as bid.

Bid Opening - The process through which the contents of bids are revealed for the first time to the government, to the other bidders, and usually to the public. See: Public Bid Opening.

Bid Sample - A sample required by the Invitation to Bids to be furnished by bidders as part of their bids to establish a quality level for the products being offered.

Bidder - Any person who makes a bid.

Bidders List - A list maintained by the purchasing authority setting out the names and addresses of suppliers of various goods and services from whom bids, proposals, and quotations can be solicited.

Bill - A list of charges or costs presented by a vendor to a purchaser, usually enumerating the items furnished, their unit and total cost, and a statement of the terms or sale; an invoice.

Bill of Lading - A document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods, and includes an air bill.

Boiler Plate - Colloquial designation for standard terms and conditions, usually preprinted, incorporated in an Invitation for Bids, Request for Proposals, or a contract or purchase order.

Bona Fide - In good faith.

Bond - An obligation in writing, binding one or more parties as surety for another.

Brand Name - A product name which serves to identify that product as having been made by a particular manufacturer. A trade name.

Brand Name or Equal - A specification that cites brand names, model numbers, or other identifications as representing quality and performance called for, and inviting bids on comparable items or products of any manufacturer.

Brand Name Specification - A specification that cites brand name, model number, or some other designation that identifies a specific product as an example of the quality level desired.

Breach of Contract - A failure without legal excuse to perform any promise which forms a whole or part of a contract.

Cash Discount - A discount from the purchase price allowed to the purchaser if he pays within a specified period. See: Discount.

Cash on Delivery (COD) - Payment due and payable upon delivery of goods.

Catalog - A listing of item identifications arranged systematically.

Caveat Emptor - "Let the buyer beware." A maxim stating the buyer should be careful in making a purchase because the burden of defective goods rests with him. In contravention, the seller can be held responsible for certain defects by means of suitable specifications, warranties, and contractual terms and conditions.

Caveat Venditor - "Let the seller beware." A maxim relating to situations where the vendor bears the responsibility for defects in the goods he sells.

Central Purchasing Authority - The administrative unit in a centralized purchasing system with the authority, responsibility, and control of purchasing activities.

Centralized Purchasing - A system of purchasing in which the authority, responsibility, and control of purchasing activities is concentrated in one administrative unit.

Change Order - A written order directing the contractor to make changes which the Changes clause of the contract authorizes the purchaser to order without consent of the contractor.

Code of Ethics - A written set of guidelines within which judgments and considerations of professional ethics and behavior should be made. See "Purchasing Ethics".

Collusion - A secret agreement or cooperation between two or more persons to accomplish a fraudulent, deceitful, or unlawful purpose.

Collusive Bidding - The response to bid invitations by two or more vendors who have secretly agreed to circumvent laws and rules regarding independent and competitive bidding.

Commodity - An article of trade, a moveable article of value, something that is bought or sold; any moveable or tangible thing that is produced or used as the subject of barter or sale.

Competition - The process by which two or more vendors vie to secure the business of a purchaser by offering the most favorable terms as to price, quality, and service.

Competitive Bidding - The offer of prices by individuals or firms competing for a contract, privilege, or right to supply specified services or merchandise.

Competitive Negotiation - A method for contracting for goods and services, whereby proposals are solicited from qualified suppliers, following submission of which changes in proposals and prices be allowed, and the offer deemed by the awarding authority to be most advantageous in terms of criteria and designated in the Request for Proposals is accepted; a negotiated procurement. (Reference Rule 0690-3-1-05)

Confirming Order - A purchase order issued to a vendor, listing the goods or services and terms of an order placed verbally, or otherwise, in advance of the issuance of the usual purchase document.

Conflict of Interest - A situation wherein an individual as part of his duties must make a decision or take action that will affect his personal interest. See "Code of Ethics". "Purchasing Ethics".

Consideration - Acts, promises, or things of value exchanged by two parties that validates a contract between them.

Contingency - A possible future event or condition arising from presently known or unknown causes, the outcome of which is indeterminate at the present time.

Contract - The total legal obligation which results from the party's agreement as affected by chapters 1 through 9 of this title and any other applicable rules of law. See: Agreement.

Contractor - One who contracts to perform work or furnish materials in accordance with a contract.

Contractual Services - Furnished under a contract in which the nature and basis for charges and other pertinent contractual terms and conditions are defined. See "Services", "Client Services", "Professional Services", "Proprietary Services".

Cooperative Purchasing - The combining of requirements of two or more political entities in order to obtain the benefits of volume purchases and/or reduction in administrative expenses.

Corrupt Combination, Collusion, or Conspiracy in Restraint of Trade - Terms referring to an agreement between two or more businesses to stifle, control or otherwise inhibit free competition in violation of state and/or federal antitrust laws or regulations. See "Collusive Bidding", "Price Fixing".

Damages - Compensation, usually in money, for injury to goods, persons, or property.

Data - Recorded information, regardless of form or characteristic.

Debarment - A shutting out or exclusion for cause (as a bidder from the list of qualified bidders).

Default - Failure by a party to a contract to comply with contractual requirements; vendor failure.

Defect - A non-conformance of an item with specified requirements.

Delivery - With respect to instruments, documents of title, chattel paper or securities means voluntary transfer of possession.

Delivery Schedule - The required or agreed time, or rate, or delivery of goods or services.

Delivery Terms - Conditions in a contract relating to freight charges, place of delivery, time of delivery, or method of transportation.

Departmental Purchase Order - A limited and specific purchaser order used in situations where authority to make the type of purchase involved has been delegated to using agencies.

Descriptive Literature - Information, such as charts, illustrations, drawings, and brochures which show the characteristics or construction of a product or explain its operation, furnished by a bidder as a part of his bid to describe the products offered in his bid. The term includes only information required to determine acceptability of the product, and excludes other information, such as that furnished in connection with the qualifications of a bidder or for use in operating or maintaining equipment.

Designee - A duly authorized representative of a person holding a superior position. See "Purchasing Agent".

Discount - An allowance or deduction granted by the seller to the buyer, usually when certain stipulated conditions are met by the buyer, which reduces the cost of the goods purchased. However, discounts may be granted by the seller without reference to stipulated conditions. An example of such use of discount is the application of discount to a nominal or "list" price to establish the "net" or actual price. See "Cash Discount", "Quantity Discount", "Standard Package Discount", "Trade Discount".

Emergency Purchase - A purchase made without following the normal purchasing procedure in order to obtain goods or services quickly to meet an emergency.

Equal, Or Equal - A phrase(s) used to indicate the substitutability of products of similar or superior function, purpose, design, and/or performance characteristics.

Equipment - Personal property of a durable nature which retains its identity throughout its useful life.

Escalation Clause - A clause in a purchase contract providing for upward adjustment of the contract price if specified contingencies occur; price escalation clause.

Established Catalogue Price - The price included in a catalogue, price list, price schedule or other form that:

- a. if regularly maintained by a manufacturer or contractor;
- b. is either published or otherwise available for inspection by customers; and
- c. states prices at which sales are currently or were last made to a significant number of any category of buyers, or to the general buying public, for the supplies or services involved.

Ethics - See "Code of Ethics", "Purchasing Ethics".

Evaluation of Bid - The process of examining a bid after opening to determine the bidder's responsibility, responsiveness to requirements, and other characteristics of the bid relating to the selection of the winning bid.

Exhaustion of Administrative Remedies - A legal doctrine to the effect that where an administrative remedy is provided by statute or governing rule or regulation, relief must be first sought from the administrative body, and all attempts to obtain such administrative relief must be expended before the complaining party may look at the courts for relief.

Expedite - To hasten or to assure delivery of goods purchased in accordance with a time schedule, usually by contact by the purchaser with the vendor.

Express Warranty - Any affirmation of fact or promise made by a seller to a buyer which relates to the goods and becomes part of the basis of the bargain.

Fair Market Value - A price that would induce a willing purchaser to purchase or a willing seller to sell in an open market transaction; the price a property would bring at a fair sale between parties dealing on equal terms.

Firm Bid - A bid that binds the bidder until a stipulated time of expiration.

Fixed Price Contract - A contract which provides for a price that does not change.

Forfeiture of Deposit or Bond - A loss by omission, negligence, or misconduct for the performing of or the failure to perform a particular act, (e.g., not accepting a contract when an award is made); breach of contract.

Formal Bid or Offer - A bid which must be forwarded in a sealed envelope and in conformance with a prescribed format to be opened at a specified time.

Fraud - A positive act resulting from a willful intent to deceive another with the purpose of depriving him of his rights or property.

Generic Name - Relating to or characteristics of a whole group or class; not protected by trademark registration.

Good Faith - Honesty in fact in the conduct or transaction concerned.

Goods - Anything purchased other than services or real property. See: "Uniform Commercial Code".

Guarantee - To warrant, stand behind, or ensure performance or quality, as a supplier in relating to his product.

Honor - To pay or to accept and pay, or where a credit so engages to purchase or discount a draft complying with the terms of the credit.

Identical Bid - A bid that agrees in all respect with another bid.

Ineligible Bidder - A supplier who, by reason of financial instability, unsatisfactory reputation, poor history or performance, or other similar reasons, cannot meet the qualifications for placement on the bidders list or for award.

Informal Bid - An unsealed competitive offer conveyed by letter, telephone, telegram, or other means.

Inspection - Critical examination and/or testing of items to determine whether they have been received in the proper quantity and in the proper condition and to verify that they conform to the applicable specifications.

Inspection Report - A report to inform the purchasing authority of the quality or condition of the items delivered.

Invitation to Bid - A request, verbal or written, which is made to prospective suppliers requesting the submission of a bid on commodities or services. This includes all documents, whether attached or incorporated by reference, utilized for soliciting bids.

Item - Any product, material, or service.

Late Bid or Proposal - A bid or proposal which is received at the place designated in the Invitation for Bids after the hour established by the invitation as the time by which all bids or proposals must be received.

Latent Defect - A defect in which could not be discovered by ordinary and reasonable inspection.

Lead Time - The period of time from date of ordering to date of delivery which the buyer must reasonably allow the vendor to prepare goods for shipment.

Lease - A contract conveying from one person (lessor) to another (lessee) real estate or personal property for a term in return for a specified rent or other compensation.

Lease-Purchase Agreement - A rental contract in which the renting party's periodic payments or parts thereof are applied both to fulfill the rental obligation and as installments for eventual ownership of the commodity upon completion of the agreement.

License - A non-transferable permission granted by a government or other authority to perform an act or to engage in an enterprise that is restricted or regulated by law.

Life-Cycle Costing - A procurement technique which considers operating, maintenance, acquisition price, and other costs of ownership in the award of contracts to ensure that the item acquired will result in the lowest total ownership cost during the time the item's function is required.

Line Item - A procurement item specified in the Invitation for Bids for which the bidder is asked to give individual pricing information and which, under the terms of the invitation, is usually susceptible to a separate contract award.

Liquidated Damages - A specific sum of money set as part of a contract, to be paid by one party to the other if he should default on the contract.

List Price - The published price for an item that a vendor uses for informing customers and potential customers.

Local Purchase - A purchase by an agency for its own use or for the use of another agency logistically supported by it.

Lowest Responsible Bidder - That bidder who is awarded a contract because his bid in unit price, total cost of operation, or value per dollar is lower than any of the bidders whose reputation, past performance, and business and financial capabilities are such that they would be judged by the appropriate government authority to be capable of satisfying the government's needs for the specific contract.

Lump Sum - A price agreed upon between vendor and purchaser for a group of items without breakdown of individual values; a lot price.

Manufacturer - One who controls the design and production of an item, or produces an item from crude or fabricated materials, or assembles materials or components, with or without modification, into more complex items.

Market (Noun) - The aggregate of forces that determine the availability prices, and amount of trade in the exchange of goods.

Market (Verb) - To carry out all activities intended to sell a product or service. Includes advertising, packaging, surveying the potential market, etc.

Material(s) - Items required to perform a function or used in a manufacturing process, particularly those incorporated into an end product or consumed in its manufacture.

Mistake in Bid - A miscalculation in composing a bid resulting in an incorrect price or other term which may affect the bidder's eligibility to be awarded the contract.

Monopoly - a. An exclusive right or power to carry on a particular activity;

b. Ownership or control of the supply of or market for a product or service sufficient to allow stifling competition, controlling prices, or otherwise restricting trade.

Most-Favored-Customer Clause - A condition in a bid solicitation and/or contract to the effect that the contractor shall not offer to others prices lower than those provided in the contract, or if lower prices are offered they must also apply to the subject contract. The use of a "most favored customer" clause impedes competition.

Multiple Contract Award - The award of separate contracts to two or more bidders for the same commodities but for different geographic areas, different quantities or different conditions.

Multi-Step Bidding - Is a two-phase process consisting of a technical first phase composed of one or more steps in which bidders submit unpriced technical offers to be evaluated by the State, and a second

phase in which those bidders whose technical offers are determined to be acceptable during the first phase have their price bids considered. It is designed to obtain the benefits of competitive sealed bidding by award of a contract to the lowest responsive, responsible bidder, and at the same time obtain the benefits of the competitive sealed proposals procedure through the solicitation of technical offers and to conduct discussions to evaluate and determine the acceptability of technical offers.

Mutual Assent - The state where the parties to a contract agree to all terms and conditions in the same sense and with the same meaning.

Negligence - The failure to do that which an ordinary, reasonable, prudent man would do, or the doing of some act which an ordinary, prudent man would not do. Reference must always be made to the situation, the circumstances, and the knowledge of the parties.

Net Price - Price after all discounts, rebates, etc., have been allowed.

No Bid - A response to an Invitation for Bids stating that the respondent does not wish to submit a bid.

Non responsive Bid - A bid that does not conform to the essential requirements of the Invitation for Bids; non conforming bid, unresponsive bid.

Offer - The act of one person that gives another person the legal power to create a contract to which both of them are parties; to perform such an act.

Oligopoly - A market situation in which a few companies control or dominate the market for a product or service.

Open-Market Purchase - A purchase, usually of a limited dollar amount, which is made by buying from any available source, as opposed to buying from a bidder who has responded to an Invitation to Bids.

Order - A request or command issued to a supplier for goods or services at a specified price. See: "Uniform Commercial Code".

Packing List - A document which itemizes in detail the contents of a particular package or shipment.

Partnership - An agreement under which two or more persons agree to carry on a business, sharing in the profits and losses by an agreed to proportion, but each being liable for losses to the extent of all of his personal assets.

Party - As distinct from "third party" means a person who has engaged in a transaction or made an agreement within chapters 1 through 9 of this title.

Prepaid - A term denoting that transportation charges have been or are to be paid at the point of shipment.

Pre qualification of Bidders - The screening of potential vendors in which a government considers such factors as financial capability, reputation, management, etc., in order to develop a list of bidders qualified to bid on government contracts. See: "Bidders List", "Qualified Bidder".

Price Adjustment Provision - A condition in a solicitation and resultant contract that allows the price under the contract to decrease or increase under defined conditions; the condition should provide for the purchaser to cancel any individual item affected, or the contract, if a request for increase is not acceptable.

Price - The amount of money that will purchase a definite quantity, weight, or other measure of a commodity.

Price Fixing - Agreements between competitors to sell at the same price, to adopt formulas for the computation of selling prices, to maintain specified discounts, to maintain predetermined prices differentials between different quantities, types, or sizes of products, or other means of setting prices charged to purchasers.

Price Protection - An agreement by a vendor with a purchaser to grant any reduction in price which the vendor may establish on his goods prior to shipment of the purchaser's order. Price protection is sometimes extended for an additional period beyond the date of shipment.

Price Rebate - A refund or allowance on price, given usually after the completion of a contract and frequently based on some relationship with the business volume.

Price Schedule - A list of prices applying to varying quantities or kinds of goods.

Principal - One who employs an agent; a person who has authorized another to act on his account and subject to his control.

Priority - The degree of precedence given to a particular requisition, order, or contract to obtain completion, delivery, or performance on a particular date at the expense, if necessary, of competing demands to the same supplier or facility.

Procurement - The process of obtaining goods or services, including all activities from the preparation and processing of a requisition, through receipt and approval of the final invoice for payment. The acts of preparing specifications, making the purchase, and administering the contracts are involved. See: "Purchasing Cycle".

Proprietary Article - An item made and marketed by a person or persons having the exclusive right to manufacture and sell it.

Proprietary Services - Work by independent contractors where the process is more important than the product, if any. Proprietary service contracts usually run to partnerships, firms, or corporations rather than individuals and are usually awarded through competition. Examples of proprietary service contracts include janitorial and custodial, protection and security, maintenance and repair, data processing service bureau.

Proposal - An offer made by one party to another as a basis for negotiations for entering into a contract.

Proposal Evaluation Criteria - Factors, usually weighted, relating to management capability, technical capability, manner of meeting performance requirements, price and other important considerations used to evaluate which proposer in a competitive negotiation has made the most advantageous offer.

Protest - A complaint about a governmental administrative action or decision brought by a bidder or vendor to the appropriate administrative section with the intention of achieving a remedial result.

Prototype - A model suitable for evaluation as to design, construction, workmanship, performance, and compliance with specifications. See: "Pilot Model".

Public Bid Opening - The process of publicly opening and examining bids, conducted at the time and place specified in the Invitation for Bids and/or the advertisement, and in the view of anyone who wishes to attend. See: "Bid Opening".

Public Record - All information about government activities that is available for public inspection.

Purchase - Includes taking by sale, discount, negotiation, mortgage, pledge lien, issue or reissue, gift or any other voluntary transaction creating an interest in property.

Purchase Description - The words used in a solicitation to describe the supplies, services, or construction to be purchased, including any performance, physical, or technical requirements. Unless the context requires otherwise, the terms "purchase description", "purchase specification" and "specification" may be used interchangeably.

Purchase Order - A purchaser's document used to formalize a purchase transaction with a vendor. A purchase order, when given to a vendor, may contain statements as to the quantity, description, and price of the goods or services ordered; agreed terms, and all other agreements pertinent to the purchase and its execution by the vendor. A purchase order constitutes acceptance of a bid, resulting in a contract.

Purchase Order Release - A purchaser's document used to initiate a shipment of goods or services in accord with an existing contract.

Purchase Request - Information transmitted by a using agency requesting the central purchasing office to effect a contract for a particular need or group of needs. The request may include, but is not limited to, a performance or technical description of the requested item, delivery schedule,

- transportation mode, criteria for evaluation, suggested sources of supply, and information related to the making of any written determination required by policy or procedure.
- Purchase Requisition** - A form used to request the purchasing department to purchase goods or services from vendors.
- Purchasing Agent** - An administrator whose job includes soliciting bids for purchases and making awards of purchase contracts; buyer.
- Purchasing Cycle** - The cycle of activities carried out by a purchasing department in the acquisition of good and services.
- Purchasing Ethics** - Moral concepts and practices based on the principle that the public interest is paramount, applicable to the personnel of the purchasing department and all other persons involved in the purchasing process, particularly with respect to the expenditure of government funds and relationships between public employees and sellers.
- Purchasing, Public** - The process of obtaining goods and services for public purposes in accordance with law and procedures intended to provide for the economical expenditure of public funds.
- Qualified Bidder** - A bidder determined by the government to meet minimum set standards of business competence, reputation, financial ability, and product quality for placement on the bidders list.
- Qualified Products List** - A specification which is developed by evaluating various brands and models of an item and listing those that are determined to be acceptable as the only ones for which bids may be submitted; an approved brands list.
- Quality Assurance** - A planned and systematic series of actions considered necessary to provide adequate confidence that a product that has been purchased will perform satisfactorily in service.
- Quality Control** - The procedures and policies used to ensure adequate quality of goods produced or received.
- Quantity Discount** - An allowance determined by the quantity or value of a purchase.
- Quotation** - A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser; the stating of the current price of a commodity; the price so stated.
- Readvertise** - A rejection of bids received followed by the cancellation and reissue of an Invitation to Bid.
- Receiving Report** - A form used by a receiving function to inform others, such as the purchasing and accounting departments, of the receipt of goods purchased.
- Regulations** - Governing precepts and procedures made by an administrative body or agency under legislative authority that sometimes have the force and effect of law.
- Remedy** - Any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.
- Requisition** - An internal document by which a using agency requests the purchasing department to initiate a procurement.
- Responsible Bidder** - A person who has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.
- Responsive Bidder** - A person who has submitted a bid which conforms in all material respects to the Invitation to Bid.
- Restraint of Trade** - The effect of contracts or combinations which eliminate or stifle competition, effect a monopoly, artificially maintain prices, or otherwise hamper or obstruct the course of trade and commerce as it would be carried on if left to the control of nature and economic forces.
- Restrictive Specifications** - Specifications that unnecessarily limit competition by eliminating items that would be capable of satisfactorily meeting actual needs.
- Rule** - A regulation, standard, statement of policy or order of general application having the effect of law, issued by a government agency to implement, interpret or make statute law specifics.

Rules and Regulations - Governing precepts and procedures made by an administrative body or agency under legislative authority that usually have the force and effect of law.

Salvage - Property that is no longer useful as a unit in its present condition but has some value in addition to its value as scrap, usually because parts from it may be recovered and reused.

Scheduled Purchase - A purchase for which a bid opening date is pre-scheduled so that using agencies' requirements for the period covered by the contract can be gathered and combined for the Invitation for Bids.

Scrap - Property that has no value except for its basic material content.

Sealed Bid - A bid which has been submitted in a sealed envelope to prevent dissemination of its contents before the deadline for the submission of all bids; usually required by the purchasing authority on major procurements to ensure fair competition among bidders.

Service - Work performed to meet a demand, especially work that is not connected with a manufacturing process.

Service Contract - A contract that calls for a contractor's time and effort rather than for a concrete end product.

Shall - Denotes the imperative.

Single-Source Procurement - An award for a commodity which can only be purchased from one supplier, usually because of its technological, specialized, or unique character.

Small Business - A designation referring to a firm, corporation, or establishment that has a small number of employees, low volume of sales, small amount of assets, or limited impact on the market, and is independent (i.e., is not an affiliate or subsidiary of a business dominant in its field of operations).

Sole-Source Procurement - An award for a commodity or service to the only known capable supplier, occasioned by the unique nature of the requirement, the supplier, or market conditions.

Solicitation - The process of notifying prospective bidders or offerers that the jurisdiction wishes to receive bids for furnishing goods or services. The process may consist of public advertising, mailing Invitations for Bids, posting notices, telephone or telegraphic messages to prospective bidders, or all of these.

Specifications Committee - A committee which advises and assists the central purchasing authority in establishing specifications. Often such a committee includes representatives with expertise from using agencies and specializes in a particular product area. A committee may also contribute advice and assistance in the development of standards.

Spot Purchase - A one-time purchase occasioned by a small requirement, an unusual circumstance, or to take advantage of a favorable market condition.

Standard Specification - A specification established through a standardization process to be used for all or most purchases of the item involved.

Standardization (of Specifications) - The process of examining characteristics and needs for items of similar end usage and developing a single specification that will satisfy the need for most or all purchases for that purpose.

Supplier - A firm that regularly furnishes needed items to a business or government; a vendor.

Supplies - Items which are consumed or expended in the course of being used.

Surety - Includes a guarantor.

Surplus Property - Inventory not required by one using agency or all using agencies at the present time or in the foreseeable future.

Tabulation of Bids - The recording of bids and bidding data that was submitted in response to a specific invitation for the purpose of comparison, analysis, and record keeping.

Telegram - Includes a message transmitted by radio, teletype, cable, any mechanical method of transmission, or like.

Term - That portion of an agreement which relates to a particular matter.

Term Contracting - A technique in which a source or sources of supply are established for a specified period of time, usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.

Terms and Conditions - A phrase generally applied to the rules under which all bids must be submitted and the terms that are included in most purchase contracts which are often published by purchasing authorities for the information of all potential bidders.

Terms of Payment - Purchase transactions require payment for the goods or services received, and with exception of an unusual exchange or barter agreement there are three basic payment terms: cash, open account, and secured account.

Testing - A phase of inspection involving the determination by technical means of the physical and chemical properties of items, or compounds thereof, requiring not so much the element of personal judgment as the application of recognized and established scientific principles and procedures.

Title - The means whereby a person's ownership of property is established.

Token Bid - A perfunctory offer by a bidder with no serious intent of being the successful bidder; usually submitted to maintain eligibility for the bidders list or as an act of collusion.

Trade Discount - A deduction from an established price for items or services, often varying in percentage with volume of transactions, made by the seller to those engaged in certain businesses and allowed irrespective of the time when payment is made.

Trademark - A distinguishing sign, symbol, mark, word, or arrangement of words in the form of a label or other indication, that is adopted and used by a manufacturer or distributor to designate his particular goods, and which no other person has the legal right to use.

Uniform Commercial Code - Uniform statute law adopted by states for consistency and modernity in law governing commercial transactions.

Unit Price - The price of selected unit of goods or service (e.g., price per ton, labor hour, foot).

Unit Price Extension - The calculation of the total price of goods by multiplying the price per unit by the number of units purchased.

Unsuccessful Bidder - An offer whose bid is not accepted for reasons of price, quality, failure to comply w/specifications, etc.

Using Agency - A unit of government that requisitions items through central purchasing.

Value - Except as otherwise provided with respect to negotiable instruments and bank collections (47-3-303, 47-4-208 and 47-4-209) a person gives "value" for rights if he acquires them: (a) in return for a binding commitment to extend credit or for the extension of immediately available credit whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection; or (b) as security for or in total or partial satisfaction of a preexisting claim; or (c) by accepting delivery pursuant to a preexisting contract for purchase; or (d) generally, in return for any consideration sufficient to support a simple contract.

Value Analysis - An organized effort to analyze the function(s) of products, systems specifications and standards, and practices and procedures, intended to satisfy the required function(s) in the most economical manner.

Vendor - A supplier.

Vendor File - The accumulated record maintained by the central purchasing authority of information relevant to his business relationship with the record of performance under contracts, correspondence, and the results of special-purpose analyses.

Void - Without legal effect; unenforceable.

Waiver of Bid(s) - A process authorized by law or rule whereby a government purchasing office may procure items without competitive bidding procedures because of unique circumstances related to a particular need or procurement; also "Waiver of Competition".

Waiver of Mistake or Informality - The act of disregarding errors or technical nonconformities in the bid which do not go to the substance of the bid and will not adversely affect the competition between bidders.

Written or Writing - Includes printing, typewriting or any other intentional reduction to tangible form.

Exhibit 2
ANSI Units of Measure

View 100

First 1-145 of 145 Last

<u>Unit of Measure</u>	<u>Description</u>	<u>Short Description</u>
02	<u>MILE (Statute Mile)</u>	<u>MILE</u>
03	<u>Second</u>	<u>Second</u>
10	<u>Group</u>	<u>Group</u>
11	<u>Outfit</u>	<u>Outfit</u>
12	<u>Packet</u>	<u>Packet</u>
13	<u>Ration</u>	<u>Ration</u>
14	<u>Shot</u>	<u>Shot</u>
15	<u>Stick</u>	<u>Stick</u>
1J	<u>Ton Mile</u>	<u>Ton Mile</u>
5B	<u>Batch</u>	<u>Batch</u>
5G	<u>Pump</u>	<u>Pump</u>
69	<u>Test Specific Scale</u>	<u>T Spec Scl</u>
AA	<u>Ball</u>	<u>Ball</u>
AC	<u>Acre</u>	<u>Acre</u>
AS	<u>Assortment</u>	<u>Assortmnt</u>
AV	<u>Capsule</u>	<u>Capsule</u>
AY	<u>Assembly</u>	<u>Assembly</u>
B7	<u>Cycle</u>	<u>Cycle</u>
BA	<u>Bale</u>	<u>Bale</u>
BC	<u>Bucket</u>	<u>Bucket</u>
BD	<u>Bundle</u>	<u>Bundle</u>
BF	<u>Board Foot</u>	<u>Board Foot</u>
BG	<u>Bag</u>	<u>Bag</u>
BI	<u>Bar</u>	<u>Bar</u>
BK	<u>Book</u>	<u>Book</u>
BM	<u>Bolt</u>	<u>Bolt</u>
BN	<u>Bulk</u>	<u>Bulk</u>
BO	<u>Bottle</u>	<u>Bottle</u>
BR	<u>Barrel</u>	<u>Barrel</u>
BU	<u>Bushel (US)</u>	<u>Bushel -US</u>
BX	<u>Box</u>	<u>Box</u>
CA	<u>Case</u>	<u>Case</u>
CB	<u>Carboy</u>	<u>Carboy</u>
CF	<u>Cubic Foot</u>	<u>Cubic Foot</u>
CH	<u>Container</u>	<u>Container</u>
CI	<u>Cubic Inch</u>	<u>Cubic Inch</u>
CJ	<u>Cone</u>	<u>Cone</u>
CL	<u>Cylinder</u>	<u>Cylinder</u>
CM	<u>Centimeter</u>	<u>Centimeter</u>
CN	<u>Can</u>	<u>Can</u>
CQ	<u>Cartridge</u>	<u>Cartridge</u>
CR	<u>Cubic Meter</u>	<u>Cubic Mtr</u>
CT	<u>Carton</u>	<u>Carton</u>
CU	<u>Cup</u>	<u>Cup</u>
CX	<u>Coil</u>	<u>Coil</u>
CY	<u>Cubic</u>	<u>Cubic</u>
DA	<u>Day</u>	<u>Day</u>
DC	<u>Disk (Disc)</u>	<u>Disc</u>
DH	<u>Mile (Statute Mile)</u>	<u>Mile (Stat</u>

<u>DI</u>	<u>Dispenser</u>	<u>Dispenser</u>
<u>DK</u>	<u>Kilometer</u>	<u>Kilometer</u>
<u>DO</u>	<u>Dollar</u>	<u>Dollar</u>
<u>DR</u>	<u>Drum</u>	<u>Drum</u>
<u>DZ</u>	<u>Dozen</u>	<u>Dozen</u>
<u>EA</u>	<u>Each</u>	<u>Each</u>
<u>EV</u>	<u>Envelope</u>	<u>Envelope</u>
<u>FC</u>	<u>Thousand Cubic Feet</u>	<u>ThousandCF</u>
<u>FO</u>	<u>Fluid Ounce (US)</u>	<u>fl. Ounce</u>
<u>FT</u>	<u>Foot</u>	<u>Foot</u>
<u>GA</u>	<u>Gallon</u>	<u>Gallon</u>
<u>GR</u>	<u>Gram</u>	<u>Gram</u>
<u>GS</u>	<u>Gross</u>	<u>Gross</u>
<u>GX</u>	<u>Grain</u>	<u>Grain</u>
<u>HA</u>	<u>Hank</u>	<u>Hank</u>
<u>HF</u>	<u>Hundred Feet</u>	<u>Hundred Fe</u>
<u>HH</u>	<u>Hundred Cubic Feet</u>	<u>Hundred Cu</u>
<u>HR</u>	<u>Hour</u>	<u>Hour</u>
<u>HU</u>	<u>Hundred</u>	<u>Hundred</u>
<u>HV</u>	<u>Hundred Weight</u>	<u>Hundred We</u>
<u>IE</u>	<u>Person</u>	<u>Person</u>
<u>II</u>	<u>Column Inch</u>	<u>Column Inc</u>
<u>IN</u>	<u>Inch</u>	<u>Inch</u>
<u>JR</u>	<u>Jar</u>	<u>Jar</u>
<u>JU</u>	<u>Jug</u>	<u>Jug</u>
<u>KA</u>	<u>Cake</u>	<u>Cake</u>
<u>KE</u>	<u>Keg</u>	<u>Keg</u>
<u>KG</u>	<u>Kilogram</u>	<u>Kilogram</u>
<u>KO</u>	<u>Milliequivalence Caustic potas</u>	<u>Milliequiv</u>
<u>KT</u>	<u>Kit</u>	<u>Kit</u>
<u>LB</u>	<u>Pound</u>	<u>Pound</u>
<u>LF</u>	<u>Linear Foot</u>	<u>Lin. Foot</u>
<u>LG</u>	<u>Long Ton 2,240 pounds</u>	<u>Long Ton</u>
<u>LI</u>	<u>Linear Inch</u>	<u>Lin. Inch</u>
<u>LN</u>	<u>Length</u>	<u>Length</u>
<u>LO</u>	<u>Lot</u>	<u>Lot</u>
<u>LT</u>	<u>Litre</u>	<u>Litre</u>
<u>LY</u>	<u>Linear Yard</u>	<u>Lin. Yard</u>
<u>MC</u>	<u>Microgram</u>	<u>Microgram</u>
<u>MDY</u>	<u>Man Day - Typical Working Day</u>	<u>Man Day</u>
<u>ME</u>	<u>Milligram</u>	<u>Milligram</u>
<u>MHR</u>	<u>Man Workhour</u>	<u>Work Hr</u>
<u>MJ</u>	<u>Minute</u>	<u>Minute</u>
<u>ML</u>	<u>Millilitre</u>	<u>Millilitre</u>
<u>MM</u>	<u>Millimetre</u>	<u>Millimetre</u>
<u>MO</u>	<u>Month</u>	<u>Month</u>
<u>MR</u>	<u>Metre</u>	<u>Metre</u>
<u>NS</u>	<u>Ton (US)</u>	<u>Ton (US)</u>
<u>OZ</u>	<u>Ounce</u>	<u>Ounce</u>
<u>P1</u>	<u>Percent</u>	<u>Percent</u>
<u>PA</u>	<u>Pail</u>	<u>Pail</u>
<u>PD</u>	<u>Pad</u>	<u>Pad</u>
<u>PH</u>	<u>Pack</u>	<u>Pack</u>
<u>PK</u>	<u>Package</u>	<u>Package</u>

<u>PL</u>	<u>Pallet/Unit Load</u>	<u>Pallet/Uni</u>
<u>PP</u>	<u>Plate</u>	<u>Plate</u>
<u>PR</u>	<u>Pair</u>	<u>Pair</u>
<u>PT</u>	<u>Pint</u>	<u>Pint</u>
<u>Q3</u>	<u>Meal</u>	<u>Meal</u>
<u>QI</u>	<u>Quarter (of a year)</u>	<u>Quarter (o</u>
<u>QR</u>	<u>Quire</u>	<u>Quire</u>
<u>QT</u>	<u>Quart</u>	<u>Quart</u>
<u>RD</u>	<u>Rod</u>	<u>Rod</u>
<u>RE</u>	<u>Reel</u>	<u>Reel</u>
<u>RL</u>	<u>Roll</u>	<u>Roll</u>
<u>RM</u>	<u>Ream</u>	<u>Ream</u>
<u>SB</u>	<u>Square Mile</u>	<u>Sq. Mile</u>
<u>SE</u>	<u>Section</u>	<u>Section</u>
<u>SF</u>	<u>Square Foot</u>	<u>Sq. Foot</u>
<u>SH</u>	<u>Sheet</u>	<u>Sheet</u>
<u>SI</u>	<u>Square Inch</u>	<u>Sq. Inch</u>
<u>SJ</u>	<u>Sack</u>	<u>Sack</u>
<u>SL</u>	<u>Sleeve</u>	<u>Sleeve</u>
<u>SM</u>	<u>Square Metre</u>	<u>Square Met</u>
<u>SO</u>	<u>SPOOL</u>	<u>SPOOL</u>
<u>SQ</u>	<u>Square</u>	<u>Square</u>
<u>SR</u>	<u>Strip</u>	<u>Strip</u>
<u>ST</u>	<u>Set</u>	<u>Set</u>
<u>SU</u>	<u>Short Ton 2,000 pounds</u>	<u>Short Ton</u>
<u>SV</u>	<u>Skid</u>	<u>Skid</u>
<u>SY</u>	<u>Square Yard</u>	<u>Sq. Yard</u>
<u>TB</u>	<u>Tube</u>	<u>Tube</u>
<u>TC</u>	<u>Truckload</u>	<u>Truckload</u>
<u>TH</u>	<u>Thousand</u>	<u>Thousand</u>
<u>TO</u>	<u>Troy Ounce or Apothecaries' Ou</u>	<u>Troy Ounce</u>
<u>TQ</u>	<u>Thousand Feet</u>	<u>Thousand F</u>
<u>U1</u>	<u>Treatment</u>	<u>Treatment</u>
<u>U2</u>	<u>Tablet</u>	<u>Tablet</u>
<u>UM</u>	<u>Million Unit</u>	<u>Million Un</u>
<u>UN</u>	<u>Unit</u>	<u>Unit</u>
<u>VI</u>	<u>Vial</u>	<u>Vial</u>
<u>WK</u>	<u>Week</u>	<u>Week</u>
<u>YD</u>	<u>Yard</u>	<u>Yard</u>
<u>YR</u>	<u>Year</u>	<u>Year</u>
<u>Z5</u>	<u>Lug</u>	<u>Lug</u>
<u>ZP</u>	<u>PAGE</u>	<u>PAGE</u>

Exhibit 3

Energy Standards Products

** LCC Formula Complete

*LCC TBD

“Blank” Energy Star standards only

Product Description	Energy Standard
Commercial Clothes Washers	Energy Star
Commercial Dish Washers**	Energy Star
Commercial Fryers, Gas & Electric**	Energy Star
Commercial Hot Food Holding Cabinets**	Energy Star
Commercial Ice Makers, Air Cooled**	Energy Star
Solid Door Refrigerators & Freezers**	Energy Star
Commercial Steam Cookers	Energy Star
Vending Machines*	Energy Star
Light Commercial A/C & Air Source Heat Pumps**	Energy Star
Geothermal/GeoExchange Heat Pumps	Energy Star
Exit Signs**	Energy Star
Residential Windows	Energy Star
Roof Products	Energy Star
TV's, VCR's, Combination Units	Energy Star
DVD Players, Audio Units*	Energy Star
Cordless Phones & Answering Machines*	Energy Star
Computers & Monitors**	Energy Star
Computers Desktops**	Energy Star
Fax Machines	Energy Star
Printers	Energy Star
Mailing Machines	Energy Star
Scanners	Energy Star
Copiers	Energy Star
Multifunctional Devices	Energy Star
Water Coolers*	Energy Star
Residential Refrigerators & Freezers*	Energy Star
Residential Dishwashers*	Energy Star
Residential Clothes Washers*	Energy Star
Residential Dehumidifiers*	Energy Star
Residential Air Cleaners*	Energy Star
Residential Central A/C Air Source Heat Pumps*	Energy Star
Residential Room A/C*	Energy Star
Residential Boilers*	Energy Star
Residential Furnaces*	Energy Star
Residential Geothermal Heat Pumps	Energy Star
Residential Thermostats*	Energy Star
Residential Ceiling Fans*	Energy Star
Residential Ventilation Fans	Energy Star
Residential Compact Fluorescent Light Bulbs* (CFLs)	Energy Star
Residential Light Fixtures	Energy Star

Exhibit 4
Publication Authorization Form



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REQUEST FOR PUBLICATION AUTHORIZATION
Department of General Services, Records Management Division
843 Cowan St., Nashville, TN 37243-0555
Tel. (615) 741-1718

1. Title of Publication		2. How Often Printed (See Code No. from list on reverse side)		3. Authorization No.	
4. Department/Division		5. Proposed Date of Publication		6. Allotment Code: Funding Source <input type="checkbox"/> State <input type="checkbox"/> Federal	
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	Cover		Wt.	Color	
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18. Bindery <input type="checkbox"/> Fold <input type="checkbox"/> Trim <input type="checkbox"/> Corner <input type="checkbox"/> Tape Binding <input type="checkbox"/> Drill _____ Holes <input type="checkbox"/> Perforate <input type="checkbox"/> Staples(s) _____ <input type="checkbox"/> Top <input type="checkbox"/> Bind — GBC Plastic <input type="checkbox"/> Collate <input type="checkbox"/> Side <input type="checkbox"/> Saddle <input type="checkbox"/> Bind — Adhesive <input type="checkbox"/> Pad _____ sets shts. _____		C. Will artwork be required? <input type="checkbox"/> Yes <input type="checkbox"/> No			
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